DOCUMENT RESUME

ED 061 362 UD 012 182

TITLE	Hunger and the Reform of Welfare: A Question of Nutritional Adequacy.
INSTITUTION	Congress of the U.S., Washington, D. C. Senate Select Committee on Nutrition and Human Needs.
PUB DATE	Feb 72
NOTE	73p.; Committee Print, Senate Select Committee on Nutrition and Human Needs
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	Economic Disadvantagement; Federal Aid; Federal Government; *Federal Legislation; Federal Programs; *Hunger; *Nutrition; Policy Formation; *Poverty Programs; Public Policy; *Welfare Problems; Welfare Recipients; Welfare Services
IDENTIFIERS	Federal Surplus Foods Program; Food Stamp Program

ABSTRACT

The purpose of this report is to review the history of the commitment to ensure nutritional adequacy for all American families during the last several years, and to study the relationship between proposed welfare reform measures and that commitment to nutritional adequacy. A specific proposal, H.R.1, eliminates food stamps, the Nation's primary antihunger program, as a form of a food assistance for families choosing to take part in the new welfare program. The Food Stamp Program is eliminated through the mechanism of a so-called "cash-out" provision in H.R.1. That is, the bonus food stamp benefits formerly provided in food coupons may now, if a State so chooses, be provided to families in cash at levels in effect in January 1971. Additionally, under H.R.1, participating families will remain eligible for the Federal Surplus Foods Program, if such a program exists in their area. The elimination of the Food Stamp Program in the form of a "cash-out" raises many questions regarding the national commitment, expressed by the President, the Congress, and the people at large, to end hunger and malnutrition among poor families in America. (Author/JM)

ED 061362

92d Congress
2d Session } COMMITTEE PRINT

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HUNGER AND THE REFORM OF WELFARE: A QUESTION OF NUTRITIONAL ADEQUACY

PREPARED BY THE STAFF OF THE

SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS UNITED STATES SENATE

AND ADDITIONAL VIEWS

FEBRUARY 1972

Printed for the use of the Select Committee on Nutrition and Human Needs

U.S. GOVERNMENT PRINTING OFFICE
73-423 WASHINGTON : 1972

UD012182

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INTRODUCTION

The purpose of this print is to review the history of the commitment to ensure nutritional adequacy for all American families during the last several years and to study the relationship between proposed welfare reform measures, specifically H.R. 1, and that commitment to nutritional adequacy. H.R. 1 eliminates food stamps, the Nation's primary antihunger program, as a form of food assistance for families choosing to take part in the new welfare program. The Food Stamp Program is eliminated through the mechanism of a so-called "cash-out" provision in H.R. 1. That is, the bonus food stamp benefits formerly provided in food coupons may now, if a State so chooses, be provided to families in cash at levels in effect in January 1971. Additionally, under H.R. 1, participating families will remain eligible for the Federal Surplus Foods Program if such a program exists in their area. The elimination of the Food Stamp Program in the form of a "cash-out" raises many questions regarding the national commitment, expressed by the President, the Congress and the people at large, to end hunger and malnutrition among poor families in America. There are, of course, other issues in the welfare reform debate. At the direction of the Chairman, it is the objective of this Select Committee staff study to thoroughly explore only the question of nutritional adequacy. The Chairman wishes to make clear that the conclusions and recommendations of the staff are not necessarily endorsed in full by all members of the committee.

Chapter I

THE COMMITMENT TO END HUNGER

More is at stake here than the health and well-being of 16 million American citizens who will be aided by these programs. Something very much like the honor of American democracy is at issue. It was half a century ago that the "fruitful plains" of this bounteous land were first called on to a great work of humanity, that of feeding a Europe exhausted and bleeding from the First World War.

Since then, on one occasion after another, in a succession of acts of true generosity—let those who doubt that find their counterpart in history—America has come to the aid of one starving people after another. But the moment is at hand to put an end to hunger in America itself for all time. I ask this of a Congress that has already splendidly demonstrated its own disposition to act. It is a moment to act with vigor; it is a moment to be recalled with pride.

President Richard M. Nixon,
Message to the Congress, May 7, 1969.

In the space of about 2 years, the issue of Hunger in America moved from a category of skepticism and doubt of its reality to a certainty of its tragic existence. This was the meaning of President Nixon's Message to the Congress of May 7, 1969. No longer could the Nation doubt that millions of poor Americans were going without sufficient food and, as a consequence, were suffering from ill health.

The struggle to bring the problem of hunger and malnutrition among America's poor to the forefront of national attention began in April 1967, with a hearing by the Senate Subcommittee on Employment, Manpower and Poverty in Jackson, Miss. The subcommittee had planned the hearing as part of its routine oversight of the war-on-poverty programs. To the surprise of the subcommittee members, the major issue presented by witnesses at the hearing was that of actual hunger and malnutrition among the people living in the Delta area of the State. The day following the hearing, two subcommittee members, Senators Robert F. Kennedy (D-NY) and Joseph S. Clark (D-Penn.) conducted a personal tour of the Delta and were shocked to find the reports of acute hunger and malnutrition were true.

These findings were immediately reported to Secretary of Agriculture Orville Freeman who dispatched an investigative team to Mississippi. Within days, Secretary Freeman reported to the Senate subcommittee that the investigative team found: "Evidence of mal-

nutrition and unmet hunger." [1] Following this report, the subcommittee unanimously wrote President Johnson requesting he declare an emergency, and distribute free food and food stamps. The next day, the Office of Economic Opportunity announced a limited emergency loan program to help families purchase food stamps in the Delta counties as well as counties in six other southern States. Subsequently, the Agriculture Department recommended a number of reforms in the Food Stamp Program, including reducing the minimum purchase price to 50 cents for those with no cash income.

Meanwhile, for the first time, firm medical evidence began to accumulate verifying the intensity of the hunger problem. A team of physicians, under the auspices of the Field Foundation, reported findings from a field trip to rural Mississippi. Their report, titled "Children in Mississippi," described in the most vivid and tragic terms the hunger and malnutrition affecting poor children in the State. It said, in part:

> In Delta counties (such as Humphreys and Leflore) recently visited by us and elsewhere in the State (such as Clarke, Wayne, Neshoba, and Greene counties, also visited by us) we saw children whose nutritional and medical condition we can only describe as shocking—even to a group of physicians whose work involves daily confrontation with disease and suffering. In child after child we saw: Evidence of vitamin and mineral deficiencies; serious, untreated skin infections and ulcerations; eye and ear diseases; also unattended bone diseases secondary to poor food intake; the prevalence of bacterial and parasitic disease, as well as severe anemia, with resulting loss of energy and ability to live a normally active life; diseases of the heart and the lungs—requiring surgery—which have gone undiagnosed and untreated; epileptic and other neurological disorders; severe kidney ailments, that in other children would warrant immediate hospitalization; and finally, in boys and girls in every county we visited, obvious evidence of severe malnutrition, with injury to the body's tissues—its muscles, bones, and skin as well as an associated psychological state of fatigue, listlessness, and exhaustion.
>
> We saw children afflicted with chronic diarrhea, chronic sores, chronic leg and arm (untreated) injuries and deformities. We saw homes without running water, without electricity, without screens, in which children drink contaminated water and live with germ-bearing mosquitoes and flies everywhere around. We saw homes with children who are lucky to eat one meal a day—and that one inadequate so far as vitamins, minerals, or protein is concerned. We saw children who don't get to drink milk, don't get to eat fruit, green vegetables, or meat. They live on starches—grits, bread, Kool-Aid. Their parents may be declared ineligible for commodities, ineligible for the Food Stamp Program, even though they have literally nothing. We saw children fed communally—that is by neighbors who give scraps of food to children whose own parents

[1] *Hunger in America, Chronology and Selected Background Materials;* U.S. Senate, Subcommittee on Employment, Manpower and Poverty; p. 15.

> have nothing to give them. Not only are these children receiving no food from the government, they are also getting no medical attention whatsoever. They are out of sight and ignored. They are living under such primitive conditions that we found it hard to believe we were examining American children of the 20th century.[2]

These findings, however, generated skepticism as well as belief. The skepticism was generally based on the isolated nature of the evidence so far collected. In a sense, this skepticism was justified by reports, such as that by the then Surgeon General Dr. William H. Stewart, that it was not reliably known how much malnutrition existed in the United States and, furthermore, that no governmental agency was responsible for assembling such information.

As a result of this disclosure, the Congress in December of 1967 enacted Public Law 90–174 authorizing the Secretary of Health, Education, and Welfare to:

> . . . make a comprehensive survey of the incidence and location of serious hunger and malnutrition and health problems incident thereto and . . . report his findings and recommendations for dealing with these conditions within 6 months from the date of enactment of this section.

The controversy regarding the actual extent of the hunger problem in America increased considerably during spring of 1968 with the publication in April of "Hunger—U.S.A.", a thoroughgoing study of the origins and failure of the major Federal family feeding programs (surplus commodities and food stamps) to reach most poor people; and "Their Daily Bread," a devastating critique[3] of the National School Lunch Program's inability to reach needy children with one good meal a day. "Hunger—U.S.A." was produced by the Citizens Board of Inquiry into Hunger and Malnutrition which reported, in part:

April 1968. Hunger—U.S.A.: A Summary

(Reprinted with permission of the New Community Press, Washington, D.C.)

Introduction

> In issuing this report, we find ourselves somewhat startled by our own findings, for we too had been lulled into the comforting belief that at least the extremes of privation had been eliminated in the process of becoming the world's wealthiest nation. Even the most concerned, aware, and informed of us were not prepared to take issue with the presumption stated by Michael Harrington on the opening page of his classic, The Other America: "to be sure, the other America is not impoverished in the same sense as those poor nations where millions cling to hunger as a defense against starvation. This

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[2] *Ibid*, p. 43.

[3] See Hunger in the Classroom: Then and Now, Committee Print, January 1972, pp. 21–32.

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country has escaped such extremes." But starting from this premise, we found ourselves compelled to conclude that America has not escaped such extremes. For it became increasingly difficult, and eventually impossible, to reconcile our preconceptions with statements we heard everywhere we went that:

Substantial numbers of new-born, who survive the hazards of birth and live through the first month, die between the second month and their second birthday from causes which can be traced directly and primarily to malnutrition;

Protein deprivation between the ages of 6 months and a year and one-half causes permanent and irreversible brain damage to some young infants;

Nutritional anemia, stemming primarily from protein deficiency and iron deficiency, was commonly found in percentages ranging from 30 to 70 percent among children from poverty backgrounds;

Teachers report children who come to school without breakfast, who are too hungry to learn, and in such pain that they must be taken home or sent to the school nurse;

Mother after mother in region after region reported that the cupboard was bare, sometimes at the beginning and throughout the month, sometimes only the last week of the month;

Doctors personally testified to seeing case after case of premature death, infant deaths, and vulnerability to secondary infection, all of which were attributable to or indicative of malnutrition;

In some communities people band together to share the little food they have, living from hand to mouth; and

Aged living alone, subsist on liquid foods that provide inadequate sustenance.

We also found ourselves surrounded by myths which were all too easy to believe because they are so comforting. We number among these:

Myth.—The really poor and needy have access to adequate surplus commodities and food stamps if they are in danger of starving.

Fact.—Only 5.4 million of the more than 29 million poor participate in these two Government food programs, and the majority of those participating are not the poorest of the poor.

Myth.—Progress is being made as a result of massive Federal efforts in which multimillion-dollar food programs take care of more people now than ever before.

Fact.—Participation in Government food programs has dropped 1.4 million in the last 6 years. Malnutrition among the poor has risen sharply over the past decade.

Myth.—Hunger and starvation must be restricted to terrible places of need, such as Mississippi, which will

not institute programs to take adequate care of its people.

Fact.—Mississippi makes more extensive use of the two Federal food programs than any State in the United States.

In addition to the hearings, the site visits, the personal interviews, the ancedotal stories, we learned from Government officials, statistics, studies, and reports, that where, by accident or otherwise, someone looked for malnutrition, he found it—to an extent and degree of severity previously unsuspected.

To the best of our knowledge, we have collected the studies and information compiled by all who have gone before us and have supplemented it with the best evidence that our own direct efforts could uncover. At best, we can make an educated guess as to the order of magnitude of the problem. But the chief contribution we can make does not rest with engaging in a numbers game.

It lies elsewhere—with the reversal of presumption. Prior to our efforts, the presumption was against hunger, against malnutrition; now the presumption has shifted. The burden of proof has shifted. It rests with those who would deny the following words of one of our members, "there is sufficient evidence to indict" on the following charges:

1. Hunger and malnutrition exist in this country, affecting millions of our fellow Americans and increasing in severity and extent from year to year.

2. Hunger and malnutrition take their toll in this country in the form of infant deaths, organic brain damage, retarded growth and learning rates, increased vulnerability to disease, withdrawal, apathy, alienation, frustration, and violence.

3. There is a shocking absence of knowledge in this country about the extent and severity of malnutrition—a lack of information and action which stands in marked contrast to our recorded knowledge in other countries.

4. Federal efforts aimed at securing adequate nutrition for the needy have failed to reach a significant portion of the poor and to help those it did reach in any substantial and satisfactory degree.

5. The failure of Federal efforts to feed the poor cannot be divorced from our Nation's agricultural policy, the congressional committees that dictate that policy, and the Department of Agriculture that implements it; for hunger and malnutrition in a country of abundance must be seen as consequences of a political and economic system that spends billions to remove food from the market, to limit productions, to retire land from production, to guarantee and sustain profits for the producer.

Perhaps more surprising and shocking is the extent to which it now rests within our power substantially to alle-

viate hunger and malnutrition. While new programs are needed, and new legislation is desired and urged, there are now reserves of power, of money, of discretionary authority, and of technical know-how which could make substantial inroads on the worst of the conditions we have uncovered—and this could be commenced not next year or next month—but today.[4]

Comprehensive as these two studies were, their impact was both dwarfed and magnified by the airing in May of the CBS Reports "Hunger in America." What most citizens of the Nation had only been reading about occasionally in their newspapers, what an interested minority had become more informed about through the two April studies, was now brought right into the living rooms of millions of American families. The CBS documentary began with narrator Charles Kuralt speaking the following lines while the picture on the screen showed a severely malnourished baby:

CHARLES KURALT. Hunger is hard to recognize in America. We know it in other places like Asia and Africa. But these children, all of them, are Americans. And all of them are hungry.

Hunger is easy to recognize when it looks like this. This baby is dying of starvation. He was an American. Now he is dead.

Then, after an announcement, Kuralt continued:

KURALT. Food is the most basic of all human needs. Man can manage to live without shelter, without clothing, even without love. Poverty, unpleasant as it is, is bearable. But man can't remain alive without food.

America is the richest country in the world, in fact the richest country in history. We spend a colossal amount of money—one and a half billion dollars a year—to feed the rest of the world. But this spring a private agency, The Citizens Board of Inquiry, consisting of distinguished leaders in many fields, released an exhaustive report claiming that serious hunger exists in many places in the United States.

Out of a total population of 200 million. the report states, 30 million Americans are impoverished, with family income below $3,000 a year. Five million of these people are helped by two existing Federal Food Programs. Now a new figure must be added: Of the 30 million who are impoverished 10 million Americans, whether or not they are reached by Federal aid, are hungry. That's just the arithmetic. Unfortunately, the problem is all too human.[5]

The reaction to the airing of the documentary was immediate and angry. Secretary Freeman wrote CBS President Frank Stanton that the documentary was grossly inaccurate, attaching a bill of particular

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[4] *Hunger in America, Chronology and Selected Background Materials;* U.S. Senate, Subcommittee on Employment, Manpower and Poverty; p. 72.

[5] *Ibid.*, p. 120.

errors as proof. " 'Hunger in America,' bluntly and simply, was a travesty on objective reporting," the Secretary said. "It presented to millions of viewers a distorted, oversimplified and misleading picture of domestic hunger and what is being done to combat it—and it served to further disillusion, disappoint, and disenchant those hungry people who now have been told that no one cares, that no is doing much to help them." The Secretary was especially upset that CBS had failed to point to the progress made by the Agriculture Department in improving the Surplus Foods Program and in beginning the Food Stamp Program altogether. He requested time to present his case to the public on television. That request was subsequently granted in an almost unprecedented reairing of the entire show within the next several months.

The chairman of the House of Representatives Committee on Agriculture W. R. Poage (D-Tex.), inserted a detailed refutation of the documentary in the Congressional Record. Based on an investigation of the documentary by the Agriculture Department as well as a national survey of public health officials, Chairman Poage concluded that, ". . . the program was deliberately calculated to avoid outright technical misstatements but was intended to convey misunderstandings to the listeners." Chairman Poage pointed out that:

> Approximately 6 million people are receiving assistance either through the Food Stamp Program or through direct distribution of foodstuffs. About 2.6 million participate in the Food Stamp Program and about 3.4 million in the Direct Food Distribution Program. Of the 3,091 counties in the United States nearly 2,400 participate in either the Food Stamp or Direct Distribution Programs. A county chooses which program it wants. It may not participate in both.[6]

Chairman Poage also summed up his own judgment regarding the extent of the hunger problem in the country:

> As I see it, the basic premise in each case is political, not factual. It has always been "politics" to talk of "feeding the needy," I believe in feeding the needy. I believe in helping all of those who need help. I believe in providing work for those who want to work, but I don't believe in feeding those who could but won't work. Most of the difference of opinion about "feeding the hungry" seems to actually revolve around the question as to who are unavoidably hungry.
>
> That there is some hunger might be admitted for the sake of argument. That there is rather extensive malnutrition seems to be well established, but that the malnutrition exists because of inability to secure a better balanced diet does not seem to be established, and there seems to be little evidence that any substantial hunger in this country is the result of the refusal of assistance agencies, public and private, to give needed aid to those who are unable to work.[7]

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[6] *Ibid*, p. 144.
[7] *Ibid*, p. 142.

As a result of this heated debate, Senator George McGovern (D-S. Dak.) introduced Resolution 281 [8] into the Senate. The resolution called for the Senate to create a Select Committee on Nutrition and Human Needs to thoroughly investigate the issue of hunger and malnutrition among America's poor, to determine its actual extent and causes, including the operation of the major Federal feeding programs, and to make comprehensive recommendations for a solution to the problem. The resolution creating the Select Committee was approved by the Senate on July 30, 1968.

The Select Committee began public hearings [9] in December, taking testimony from the Nation's leading nutritionists and the Secretaries of the Departments of Agriculture, and Health, Education and Welfare, as well as the head of health programs for the Office of Economic Opportunity. Then, on January 22, 1969, the Select Committee received the first report from the nutrition survey [10] that the Congress had ordered conducted by HEW back in December of 1967. The National Nutrition Survey, as the study was now called, was headed up by Dr. Arnold Schaefer, who had conducted similar surveys in many other countries. The initial results of the survey, based on the preliminary statistics from Texas, Louisiana, New York, and Kentucky, were summed up by the Select Committee staff in the following manner:

> Dr. Schaefer's report presents preliminary findings on malnutrition among 12,000 individuals living in low-income areas in Texas, Louisiana, New York and Kentucky. The nutritional status of the families and individuals examined was evaluated through clinical and dental examinations, biochemical measurements and food intake studies.
>
> Discussing the Survey's findings Dr. Schaefer reports: "The preliminary data clearly indicate an alarming prevalence of those characteristics that are associated with undernourished groups. Even though these finding come from a small subsample of the total National Nutrition Survey, it is unreasonable in an affluent society to discover such signs as those seen to date."
>
> "In general," Dr. Schaefer states, "the most widespread nutritional problem is one of multiple nutrient deficiency of a combination of one or more nutrients such as protein, vitamins, minerals and calories. It is important to bear in mind and perhaps shocking to realize that the problems in the poverty groups in the United States seem to be very similar to those we have encountered in the developing countries."
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> Among the Nutrition Survey's specific findings, Dr. Schaefer cited the following:

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[8] For full text see, Select Committee on Nutrition and Human Needs hearing: Part 1—Problems and Prospects, pp. 2–4.

[9] *Ibid*, pp. 1–206.

[10] For summary of the National Nutrition Survey see, Select Committee on Nutrition and Human Needs hearing: Part 3—The National Nutrition Survey, pp. 724–879.

Growth Retardation.—In the sample we have studied thus far, the children between 1 and 3 years of age fall below the average height reported for children in the U.S.A. . . . 3.5 percent of these children have retarded bone growth.

Marasmus and Kwashiorkor.—To date in our studies we have found 7 cases which the physician diagnoses as severe malnutrition using such terms as kwashiorkor (severe protein and multiple nutrient deficiency) and marasmus, primarily a choloric deficiency. We did not expect to find such cases in the United States. . . . In many of the developing areas where we have worked, Africa, Latin America, and Asia, these severe cases of malnutrition only rarely are found; they either are hospitalized or have died.

Anemia.—One-third of the children under 6 years of age had hemoglobin levels in the unacceptable range. . . . The cutoff level for hemoglobin was set at that level considered by physicians to need treatment. . . . 15 percent of the population (studied) had hemoglobin levels less than acceptable, which means that they are candidates for medical treatment. . . . In the impoverished population this problem may actually be on the increase.

Goiter.—Five percent of the total population examined to date exhibits an enlarged thyroid gland associated with low iodine intake. The World Health Organization classified an area as having endemic goiter when 5 percent of the population has enlarged thyroid glands. . . . In Texas 40 percent of the local markets failed to even stock iodized salt although there was no price differential.

Dental problems.—Eighteen percent of all subjects 10 years of age and over reported it was difficult and painful to bite or chew food. Ninety-six percent of the sample had an average of 10 teeth either decayed, filled or missing, with five of these needing immediate attention . . . only 15 out of each 100 decayed teeth had been filled.

Vitamin A deficiency.—Thirty-three percent of the population less than 6 years of age were at unacceptable levels. These findings are characteristic of those reported from areas of the world where vitamin A deficiency is a major problem. . . . In population studies it has been suggested that where 5 percent or more of the sample has values within the less than acceptable range, this constitutes evidence of vitamin A deficiency within the population. This is also the level at which night blindness appears. . . . In advanced vitamin A deficiency permanent blind-

ness occurs. We did not find such cases. However, here our concern is the fact that we have such a large proportion, 13 percent of the entire population studied, that had levels which we consider places them in a high risk category. We do not know how long these people have had these low levels or whether their vitamin intake is now being increased or decreased. We can't afford the risk that any of these persons will develop the severe deficiency.

Vitamin C deficiency.—Serum vitamin C levels were less than acceptable in 12 percent to 16 percent of all age groups. Four percent of the total age group had scorbutic type gums. These findings suggest that the intake of food supplying vitamin C is reduced among all ages. Preliminary dietary intakes tend to confirm this. Once again, the percentage of individuals with unacceptable serum levels is characteristic of reports from poorly nourished populations. This is added evidence of malnutrition within the group studied thus far.

Vitamin D deficiency.—Three and seven-tenths percent of the 0 to 6-year-old subjects show evidence of vitamin D deficiency: 18 cases of rickets have been diagnosed.... The fact that we have discovered cases of rickets again alerts us to the reality that we cannot ignore public health nutrition programs once they have started. This disease was virtually eradicated over 30 years ago through the simple mechanism of fortifying milk with vitamin D at no cost to the consumer. We are currently collecting data on costs between nonfortified and fortified milk. This information has still not yet been tabulated; but I can assure you gentlemen that if you will check the price of vitamin D milk and other milk in the Washington area, you will be surprised at the price differential.

In addition, the National Nutrition Survey has found:

Four to five percent of the subjects exhibit either or both winged scapula and potbelly. These findings are associated with protein and calorie malnutrition.

Eight cases of Bitot's Spots (frequently attributed to vitamin A deficiency) have been noted and confirmed.

Other changes in hair, skin and lips which may be indicative of poor nutrition have been noted.

Discussing the Survey's findings, Dr. Schaefer said, "Our studies to date clearly indicate that there is malnutrition, and in our opinion, it occurs in an unexpectedly large proportion of our sample population." [11]

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[11] See Select Committee on Nutrition and Human Needs hearing: Part 3—The National Nutrition Survey, Jan. 22, 23, 27, 28, 1969; pp. 676–7.

These findings, preliminary as they were, represented the scientific breakthrough necessary to establish beyond doubt the reality of serious and widespread hunger and malnutrition in America. As later information was added to the preliminary results, the existence of the problem would be only further confirmed.

Following the presentation of the Nutrition Survey findings, the Select Committee began an examination of the mechanics of the Federal food programs in an effort to discover why more people were not being reached. The first hearing [12] dealt with South Carolina since that State had received particular attention as an area where many persons were going hungry. The leadoff witness, Senator Ernest Hollings, represented a breakthrough of a kind different from, yet equally important as, the Nutrition Survey. Generally speaking, there had been a negative reaction in the southern section of the country to the raising of the hunger issue nationally. This was undoubtedly a result of the fact that attention had, to that time, been primarily focused on deep southern States such as Mississippi. Senator Hollings, however, instead of reacting defensively, took the witness stand before the committee and dramatically confirmed that there was hunger and malnutrition in his State, that it was tragic and needed to be ended, and admitted that he, as a former Governor and now U.S. Senator, had not done enough about the problem. This testimony, including the following dramatic statement, immediately broadened support throughout the country and in the Congress for dealing with the problem:

> The reason hardly any of the hungry are designated as "starving" is that our society will take the ill in his last stages and get him to a hospital for treatment. For the $65 a day there—and that is what it costs at the hospitals, what the costs are in Charleston—we could feed an entire hungry family for a week. The committee must make an analysis to show that a dollar spent on the hungry is $10 saved in health, welfare, and special training courses. The people must learn that it is cheaper to feed the child than jail the man.
>
> Now the medical facts need emphasizing. Dr. Charles Lowe has just testified a few weeks ago before the committee that the brain cells of the human being form during the first 4 years. Because of the lack of nutrition there is often as much as a 20-percent loss in the brain cell development. Now many is the time that my friends have pointed a finger and said, "Look at that dumb Negro."
>
> The charge to often is accurate—he is dumb. But not because of the color of his skin. He is dumb because we have denied him food. Dumb in infancy, he has been blighted for life.[13]

Subsequently, the Select Committee conducted field hearings in the migrant areas of Florida [14] and in the ghetto of Washington, D.C. In Florida, the committee found hungry families among the agricultural workers, but local officials were either openly hostile to operat-

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[12] *Ibid*, Part 4—South Carolina, Feb. 18, 19, 20, 1969; pp. 1161–1424.
[13] *Ibid*, p. 1165.
[14] *Ibid*, Parts 5A and 5B—Florida and Appendix, pp. 1425–2084.

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ing a Federal food program or disclaiming any responsibility to make sure that a Federal food program actually reached needy families. During a tour of the homes of a number of poor families in Washington, a physician accompanying committee members actually diagnosed one child as badly malnourished and in need of hospital attention. The public hearing [15] on the operation of the Food Stamp Program in Washington documented the failure of the program, as then constructed and administered, to reach obviously needy families. These hearings served to further publicize the seriousness of the hunger problem in America and to increase public concern—a concern expressed as a growing demand for action.

On May 7, the President responded to that concern with his historic Hunger Message to the Congress.

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[15] *Ibid*, Part 7—District of Columbia, pp. 2185–2435.

Chapter II

THE GROWTH OF THE FOOD STAMP PROGRAM

Due to the publicity generated around the hunger issue in early 1969, the principal domestic policymaking group of the new Administration, the Urban Affairs Council, established a food and nutrition committee, chaired by the Secretary of Agriculture, Clifford Hardin. This food and nutrition committee was charged with the responsibility for independently reviewing the hunger issue, determining its validity and making recommendations for action to the President. On March 17, 1969, the food and nutrition committee completed its recommendations, including the following:

> The committee recommends the submission of a Presidential message to the Congress incorporating these recommendations. Some of the recommended program modifications would require legislation and increased appropriations. Others are within the authorities of the Secretary of Agriculture and the Secretary of Health, Education, and Welfare, but it is recommended that a legislative mandate also be sought for these changes.

Family Food Assistance Programs

There are two Family Food Assistance programs—Food Stamp and Direct Distribution.

A. *The Food Stamp Program.* Food stamps provide a bonus for food purchases which varies with the income and family size of the recipient. Current schedules provide an average bonus of $6.90 per person per month in food purchasing power. A family of four with a monthly income under $30 ($360 annual) pays $2 per month and receives $58 in food stamps. At the other end of the schedule, a family with a monthly income of $250 ($3,000 annual) pays $76 and receives $100 in food stamps. Thereafter the monthly bonus for such a family ($24) remains constant up to the eligibility cut-off point, which depends upon State eligibility standards, the highest being $4,140 a year.

Stamp purchases may be made on a monthly, semi-monthly, or in some cases a weekly basis. Participants must be certified eligible by local welfare agencies. The program is operated by State welfare agencies, except for the approval and supervision of participating retailers and wholesalers, which is done by USDA. Presently about 1,200 counties operate Food Stamp programs, with about 2.8 million program participants.

B. *Direct Distribution Program.* An agency of the State government is responsible for operation of the program within the State, under a Plan of Operation approved by USDA. The State agency must order and accept shipments of commodities from USDA (usually in carlot quantities) and arrange for their subsequent shipment to local distribution centers operated by the officials of participating areas. Participating families come to these centers to pick up their monthly allotment of commodities. At the local level, staff and facilities must be available where families can be certified as eligible for the program under State standards of eligibility.

USDA is currently offering 22 foods to States for donation to low-income families, worth about $13 retail per person per month. The complete package of 22 foods offers adequate amounts for 6 nutrients and less than adequate amounts for energy and vitamin A, according to the National Research Council's Recommended Dietary Allowances. However, few participating counties (380) accept 20 or more foods to offer recipients, and many recipients are unwilling to accept those foods offered.

The program operates in about 1,400 counties, cities, and territories, as well as on Indian Reservations. There are about 3.7 million individual recipients.

There are 480 counties or independent cities, with about 10 percent of the poor, that have no Family Food Assistance program and no present plans to initiate one.

In program areas about one-third with incomes below the poverty line receive food assistance. Over 6 million now receive food stamps or free commodities, among them 40 percent of the nearly 9 million public assistance recipients.

In the judgment of the committee the Food Stamp Program is preferable to direct distribution. There are, however, a number of flaws in the present Food Stamp Program. Current payment and value schedules are inadequate and appear to strongly discourage participation. The current schedule requires payment of up to 47 percent of income to participate in the program. (Middle-class families pay on the average 17 percent of their income for food.) The program is therefore inadequate for those whose income is too meager and too erratic to make periodic bloc payments. For those with incomes below the poverty line, over 90 percent of the participants, the schedule provides stamps insufficient to purchase food for an entire month under minimum USDA criteria. Those in extreme poverty receive stamps which meet only 60 percent of minimum needs. Finally, State eligibility requirements, which range from $1,920 to $4,140 for a family of four, are inequitable and have no relation to geographic differentials in food prices.

The food stamp schedule should be revised to provide food incomes sufficient to purchase adequate diets, to permit more of the poor to participate, and to focus Government resources on the very poor.

1. The value of stamps issued to all participants should be sufficient to purchase an adequate diet. The recommended standard is the Economy Food Plan, the minimally adequate food budget calculated by the Agricultural Research Service of the Department of Agriculture (description attached). This budget varies with age, sex, geographic location and changes in food prices. The current average cost for a family of four with school-age children is $100 per month.

2. The cost of food stamps should be not greater than 30 percent of income, and should be less than this for the poorest families.

3. A uniform maximum eligibility standard should be used to eliminate inequities between States and to insure that government funds are focused on the very poor.

* * * * * * *

Additional recommendations for improving the Family Assistance programs are as follows:

1. The modified Food Stamp Program should be given priority over the Direct Distribution program in expanding the geographic coverage of the Family Food Assistance programs, once it has been shown to increase individual participation. Since the Food Stamp Program operates through retail food stores and thereby eliminates the need for operating a separate food distribution system, sparsely populated areas should be encouraged to shift to the Food Stamp Program first.

2. Legislative authority should be broadened to permit both free food stamps for a minimum of 3 months in areas transferring from Commodity Distribution to the Food Stamp Program. A longer period of time should be permitted when participation in the Food Stamp Program is significantly below that formerly achieved under the Direct Distribution program.

3. Legal authority should be requested to permit the Secretary to authorize the operation of both the Food Stamp and Direct Distribution programs in the same county or city when the Secretary determines this would be desirable and when State or local authorities agree to pay any additional costs of administration.

4. Special efforts should be made to bring either the Food Stamp or Direct Distribution program into the 480 counties and cities now without a Family Food Assistance program, and to ensure counties and cities participating in the Commodity Distribution program are offering the full range of commodities to participants. To help reach this goal, legal authority to share additional administrative costs of the Food Stamp Program, and additional administrative flexibility in the use of Section 32 funds for sharing State and local administrative costs should be sought.

5. A uniform cost share formula should be developed for both Family Food Assistance programs that would provide for the Federal share of administrative expense to be higher in counties where participation is high and the relative economic status is low. Additional Federal assistance should be given counties where the influx of seasonal workers adds significantly to local administrative costs.

6. The declaration form for eligibility for food assistance programs should move forward in line with the schedule for use of this method under welfare assistance programs.

7. Efforts to improve services to recipients in the form of more distribution points, prompter and simpler certification, financing arrangements, mailing food stamps, and appeal mechanisms should proceed on a high priority basis.

8. Commodities distributed under the Direct Distribution program should at all times meet minimum requirements for the essential nutrients.

9. There should be inter-county and inter-State accreditation of beneficiaries of both programs to meet the special needs of migratory farm workers.[1]

The President's hunger message [2] closely followed the recommendations laid down by the food and nutrition committee. On food stamps, the message said:

> The Federal Government presently provides food assistance to nearly 7 million needy Americans through the Food Stamp and Direct Distribution programs. Though these programs have provided welcome and needed assistance to these persons, both programs are clearly in need of revision.
>
> The present Food Stamp Program can be greatly improved. I shall, in a short period of time, submit to the Congress legislation, which will revise the Food Stamp Program to:
>
> Provide poor families enough food stamps to purchase a nutritionally complete diet. The Department of Agriculture estimates this to be $100 per month for a typical family of four.
>
> Provide food stamps at no cost to those in the very lowest income brackets.
>
> Provide food stamps to others at a cost of no greater than 30 percent of income.
>
> Ensure that the Food Stamp Program is complementary to a revised welfare program, which I shall propose to the Congress this year.
>
> Give the Secretary of Agriculture the authority to operate both the Food Stamp and Direct Distribution

[1] See Select Committee on Nutrition and Human Needs hearing: Part 8—The Nixon Administration Program, May 7, 1969; pp. 2572–76.

[2] Message to the Congress, May 7, 1969.

programs concurrently in individual counties, at the request and expense of local officials. This will permit the Secretary to assist counties wishing to change from direct distribution to food stamps, and to meet extraordinary or emergency situations.

It will not be possible for the revised program to go into effect until sometime after the beginning of the calendar year 1970, that is to say after the necessary legislative approval and administrative arrangements have been made.

The requested appropriations will then permit the establishment of the revised program in all current food stamp counties before the end of the fiscal year, as well as a modest expansion into direct distribution counties, and some counties with no current programs.

* * * * * * *

While our long-range goal should be to replace direct food distribution with the revised Food Stamp Program, the District Distribution program can fill many short-range needs. Today there are still over 400 counties without any Family Food Assistance program and this Administration shall establish programs in each of these counties before July 1970. The direct distribution counties, the most serious criticism of the program will be met by ensuring that all counties offer the full range of available foods.

To strengthen both current Family Food Assistance programs, efforts will proceed on a high priority basis to establish more distribution points, prompter and simpler certification, financing arrangements, mailing of food stamps and appeal mechanisms.[3]

Shortly thereafter, the Administration introduced its Food Stamp Reform bill, S. 2370, to implement the message. This bill established the food stamp allotment at a minimally adequate nutritional level defined as the Agriculture Department's Economy Diet plan, and authorized expenditures for the program of $315 million for fiscal 1970, $610 million for fiscal 1971 and open ended authorizations for fiscal 1972–73. Senator McGovern introduced a Food Stamp Reform bill setting the food stamp allotment at the Agriculture Department's Low-Cost Diet level, approximately 25 percent higher than the Economy Diet level, and containing open ended authorizations. Senator Talmadge also introduced a bill which left unchanged the allotment level existing in the current program and authorized $525 million for fiscal 1970 and $900 million for fiscal 1971. All of these bills were referred to Senate Committee on Agriculture and Forestry which held public hearings and reported out its own Food Stamp Reform bill on July 7, 1969. This bill set the allotment level at the Economy Diet and authorized $750 million for fiscal 1970, $1.5 billion for fiscal 1971 and $1.5 billion for fiscal 1972. The committee bill came to the Senate floor

[3] See Select Committee on Nutrition and Human Needs hearing: Part 8—The Nixon Administration Program, May 7, 1969; pp. 2630–31.

for consideration on September 24. At this time, Senators McGovern and Javits offered a substitute bill containing the Low-Cost Diet and authorizations of $1.25 billion, $2 billion and $2.5 billion respectively for fiscal 1970, 1971 and 1972. The substitute bill also contained national eligibility standards, greatly increasing potential participation in the program. The McGovern-Javits substitute was adopted by the Senate. The House of Representatives would not adopt its own bill until December 1970, and a final reform bill would not become law until January 1971.

The President, as part of his message, called for a White House Conference on Food, Nutrition and Health to be convened in December 1969. When this conference was actually convened, the Administration announced significant changes in the Food Stamp Program that it planned to implement pending the passage of final legislation by the Congress. These changes included a uniform increase in the food stamp allotment, regardless of how poor the family happened to be, and general reductions in the cost of the stamps to potential purchasers. The allotment was raised to the Department's Economy Diet level, at that time $106 for a family of four per month, and the purchase price was reduced to generally no more than 30 percent of a family's income. The President subsequently requested a supplemental appropriation of $120 million for fiscal 1970 to cover the increased cost of the program.

Following the announcement of these administrative changes providing greater benefits at lower costs, participation in the Food Stamp Program began rising steadily. Between January and February 1970, participation increased from 3.8 million to 4,416,450. By June, participation had risen to 6,469,946. The increase was abetted by the Administration's pledge to bring new counties into the program during this period. Also, during this period, the expenditures of the Government in bonus stamps went up from $26,873,101 monthly to $86,493,273. Total food stamp spending for fiscal year 1970 finally totaled $578 million.

Despite the steady, dramatic increase in participation in the program, the Administration did not revise its budget request of $1.25 billion for fiscal 1971. The House Appropriations Committee adopted the Administration figure as did the House as a whole. The Senate Appropriations Committee also brought the Administration figure to the Senate floor. Senator McGovern, pointing to the increasing participation in the program and the need to expand to new counties, offered an amendment to increase the appropriation to $1.75 billion. The amendment was adopted by the Senate. Eventually, the conference committee agreed on a figure of $1.42 billion which was approved by the Congress.

In December 1970, the House enacted its own Food Stamp Reform bill, setting the allotment level at the Economy Diet, providing for open ended authorizations and establishing a national eligibility line at the poverty standard. In conference with the Senate, the final bill directed the Secretary of Agriculture to provide a "nutritionally adequate diet" (which he subsequently set at the level of the Economy Food Plan) with a cost of living adjustment, provided for an authorization of $1.75 billion for fiscal 1971 and open ended authoriza-

tions the following 2 fiscal years, and authorized the Secretary of Agriculture to set a uniform national eligibility standard at the poverty level.

By the time the President signed Public Law 91-671 into law in January 1971, participation in the Food Stamp Program had reached 9,727,200 persons, and the monthly bonus expenditures were $129,844,-125. By June, participation reached 10,567,240, and bonus expenditures were $140,907,077.

The Administration was now becoming concerned about keeping the Food Stamp Program within acceptable budgetary limits. For fiscal 1972, the Administration was requesting $2 billion for the program. If the program continued to expand as it had in the past 18 months, this budget figure would clearly not be adequate. In April 1971, the Administration proposed new regulations, pursuant to the new law, to govern the program. These regulations set the allotment level at $108 a month for a family of four. They set the national eligibility standard at $160 monthly for one person, $210 for two persons, $293 for three persons and $360 for four persons. They also revised the purchase schedule, sharply increasing the percentage of income that families near the top of the eligibility scale had to pay for their bonus. A 2-person family at the top had its purchase price increased from $36 to $54 and its bonus reduced to $6 from $20. A 4-person family at the top had its purchase price increased from $82 to $99 and its bonus reduced to $9 from $24.

Despite strong congressional opposition, the Administration argued that these regulations were equitable in that they provided greater benefits for the poorest of the poor in the lower income States while phasing out benefits for the poor in the higher income States with more generous welfare payments. The Administration officially estimated that about 1.7 million persons would be newly eligible for the program in the lower income States, while 340,000 would be made entirely ineligible in the higher income States, and 1.7 million in those States would receive reduced bonuses. When the regulations were made final in July, the most significant change was the blanketing in of all welfare recipients, including the 340,000, most of them single or aged couples.

During the summer of 1971, the House appropriated the Administration request of $2 billion but the Senate, again on an amendment by Senator McGovern, increased the amount to $2.5 billion. The conference committee arrived at a figure of $2.2 billion. From June through December of 1971, participation in the Food Stamp Program increased more slowly, only reaching 11.2 million persons, and bonuses of $150.4 million monthly. But the Administration officially estimated, based on projected increases in the program in the lower income States and the approval of applications from 192 counties to enter the Food Stamp Program, that participation would increase to over 12 million persons by the end of the fiscal year, perhaps even going as high as 13 million persons.

As the end of 1971 approached and the implementation of the new food stamp regulations neared, protests from the higher income States facing impending cutbacks began to increase. Senator Hubert Humphrey (D-Minn.) introduced legislation to restore eligibility levels in

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12 States where 75- to 100,000 persons were going to be eliminated from the program and to also restore the previous bonus in place of the reduced bonus. The introduction of this legislation was followed by a letter to the President from Senator McGovern and 27 other Senators requesting him to order the Agriculture Department to act administratively to restore eligibility and bonus levels. Early in January of this year, opposition to the new regulations coalesced at a conference of 15 governors' representatives in Hartford, Conn. The representatives at the conference, many of them food stamp directors, issued a statement calling for a reversal of the regulations:

THE HARTFORD STATEMENT

Representatives of 15 States met in Hartford on January 7, 1972, for the purpose of seeking redress from the present legislative and USDA regulations resulting from the passage of Public Law 91-671. The following statement adopted by the representatives of 14 of those 15 States is presented to call to the attention of the President, Secretary of Agriculture, and the Congress, the deficiencies and inadequacies which have resulted from those regulations.

We subscribe to the belief that the purpose of the Food Stamp Program is the provision of a basic nutritional diet to indigent and needy families. We further believe that the revised USDA tables constitute a retreat from this principle, in that a substantial percentage of families in the respective undersigned States will either lose outright the opportunity to purchase stamps or be forced to make substantially larger payments to acquire the same amount of food stamps. We must therefore, strongly object to any program revision by the USDA which nullifies or dilutes the benefits of the Food Stamp Program now being utilized by residents of our respective States.

For these families, which include thousands of children and elderly individuals, dropping out of the Food Stamp Program will mean a significant reduction in the amount of money that is available to spend on necessary foods. The effect of this may well be malnutrition for those who are most vulnerable and most in need of nutritious diets. Our concern is also for the working poor and those families on public assistance who are in dire need of adequate diets to assist them in achieving nutritional adequacy.

In addition to the harmful effects on people, the law and the regulations will impose upon the States an intolerable financial and administrative burden for the jurisdictions charged with the administration of the Food Stamp Program. In some cases this burden may be so heavy that a number of States and other jurisdictions may be forced to withdraw from the program, with the attendant consequences to the welfare recipients, the elderly, the working poor, and all others who have hitherto benefited from this program.

If the Food Stamp Program is to fulfill the goals of the Administration, as set forth in 1969, the recommendations of

the White House Conference on Food and Nutrition, and the commitment of the Congress as defined in the Food Stamp Act of 1964, we believe the following changes must be made in Public Law 91–671 and the implementing USDA regulations:

1. No household shall be made ineligible for the program which would have been eligible under the standards of eligibility in effect in each State just prior to the enactment of Public Law 91–671.
2. No household shall pay more for food stamps than they were required to pay under the regulations in effect just prior to the enactment of Public Law 91–671.
3. The coupon allotment schedule must reflect the cost of a nutritionally adequate diet. By USDA's own definition, the allotment schedules are insufficient. Consequently, the coupon allotment schedule must be substantially increased in order to meet the statutory standards of nutritional adequacy.

Administration spokesmen continued to state that the regulations could not be reversed, in part because there simply were not sufficient funds to cover a restoration of eligibility and bonus level. The week after the Hartford Conference, however, it was reported in the press that the Office of Management and Budget had "impounded" the $200 million that the Senate had succeeded in adding to the food stamp budget for this fiscal year. This revelation increased the protest in Congress and, by the following weekend, the new Secretary of Agriculture, Earl Butz, announced that both eligibility and bonus levels would be restored. The Administration estimated that this restoration would cost approximately the $200 million that was being held back.

The Administration's budget request for the Food Stamp Program for fiscal 1973 is $2.334 billion. This request is based on an estimated participation of about 13 million persons at an average monthly bonus level of $14 per person. This is admittedly a tentative estimate, based on essentially no growth in the program where it now exists and no expansion into counties now operating commodity programs. If participation should increase to 14 million persons, funding for the program will have to be increased to at least $2.5 billion.

In summary, the Food Stamp Program in a period of 2 years has undergone enormous expansion. In 2 years, participation has increased from about 3.5 to almost 12 million persons. The number of counties participating in the program has increased from 1,489 to 2,017. Funding has risen from $340 million annually to over $2 billion. The program is clearly fulfilling its promise as the Nation's best existing weapon against poverty-related hunger and malnutrition.

Chapter III

THE FAMILY ASSISTANCE PLAN AND FOOD STAMPS

The history of the commitment to end hunger through an expanded Food Stamp Program and the commitment to reform welfare through a guaranteed income program have been intertwined since the beginning of the Nixon Administration in 1969. Indeed, in a sense, the two programs have not only been intertwined but in competition with each other. For despite the fact that the President actually made his commitment to end hunger in May 1969, that commitment came very close to never being made because some members of the Administration believed it would undermine their efforts to successfully argue for the guaranteed income program.

When the food and nutrition committee, led by Secretaries Hardin and Finch, presented their recommendations for a major hunger program, the recommendations on the income program, developed by a group under the leadership of Presidential Counselor Daniel Moynihan, were also presented. Both were reviewed by Presidential Counselor Arthur Burns and the Bureau of the Budget. Dr. Burns and the BoB advised the President not to accept the nutrition recommendations. This decision was then actually reflected in the Administration's first budget message which only called for a $15 million increase in nutrition spending, none of that for food stamps.

When news of the decision not to have a major hunger program was printed in the press, Senator McGovern invited Secretaries Hardin and Finch to testify at a public hearing of the Select Committee to explain the decision. Only days before the hearing, Secretary Hardin made a personal plea to the President that the negative decision be reversed. The President, while concerned about the budgetary implications of a major hunger effort, assented.

At the hearing of the Select Committee on May 7, an exchange between Senator McGovern and Secretary Finch reflected the Administration's internal debate over the hunger and income programs:

> Senator McGovern. Mr. Secretary, in that connection, and I won't interrupt you as you move along, is there a difference within the Administration as to whether you ought to proceed with a throughgoing program to eliminate hunger and malnutrition as over against the view of those who believe that we should delay action on individual problems of that kind until a comprehensive welfare program can be worked out?

(25)

MOVE AGGRESSIVELY

Secretary FINCH. No, sir. I think the very clear-cut affirmation in the President's statement is that we move aggressively to meet the present hunger problem. At the same time, my Department, we are still sorting through a great deal about what we know and what we don't know.

Dr. Schaefer has been before the committee previously and he will be happy to further outline the parameter of our national surveillance as well as our expanded survey. They are correlative, compatible, and mutually ongoing efforts.

I will leave the expansion of the Food Stamp Program itself to Secretary Hardin. We happen to believe that, over the long run, the more basic answer to the problem of malnutrition has to be found in the form of our public assistance and employment programs.

I believe that cash income, not a succession of payments in kind, over the long haul, will best preserve the dignity and the freedom of choice that the individual requires to meet his own needs through the workings of the private market.

If he can't be trained or if he can't work, he must have available an income maintenance program which provides for his basic necessities in a way most unencumbered by administrative redtape and impersonal centralized decision-making.

Instead of that approach, we now have a Federal assistance system incorporating over 500 grant-in-aid programs, most of which are directed toward the disadvantaged, as well as several payment-in-kind systems which provide rent stamps, health stamps, food stamps, and even education and training stamps in the form of student loans and grants.

We hope, within the next few months, to bring to the Congress a set of welfare reforms which will begin to rationalize these systems and place emphasis on cash assistance as the most flexible and useful form of aid, and one that will preserve human dignity.

Until the time when we have achieved major welfare reform, however, the Food Stamp Program is vital and must be expended.[1]

For the moment, the question of eliminating the Food Stamp Program in favor of the cash program seemed to have been settled on the side of preserving the principle of nutritional adequacy.

On August 8, 1969, however, the President officially proposed his income program, the Family Assistance Plan, which quickly became popularized as FAP. There was immediate confusion regarding the relationship of FAP to food stamps. In his FAP speech, the President said: "For dependent families, there will be an orderly substitution of food stamps by the new direct monetary payments." White House

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[1] See Select Committee on Nutrition and Human Needs hearing: Part 8—The Nixon Administration Program, p. 2450.

spokesmen who briefed the press clearly indicated that the Food Stamp Program would not be available to families taking advantage of the $1,600 guaranteed income plan.

The reaction to what appeared to be a retreat from the historic hunger commitment of May was widespread. Despite this negative reaction, on August 15 at a West Coast briefing, Presidential Press Secretary Ronald Ziegler reiterated the intention to eliminate the Food Stamp Program when FAP became effective. Dr. Jean Mayer, appointed by the President to organize the planned December White House Conference on Food, Nutrition and Health, expressed considerable concern about the elimination of the Food Stamp Program. After checking with sources at the White House, he announced on August 20 that the Food Stamp Program would in fact be retained along with FAP. "I would not believe—and I was right—that the President would contradict in August a commitment he made in May," said Dr. Mayer. He further said that the confusion was a result of the White House aides, who had briefed the press, not fully understanding the mechanics of the program.

In late August and early September, press reports began to appear supporting Dr. Mayer's position that the Food Stamp Program would not be eliminated. These reports, however, stated that the original reports of food stamp elimination under FAP had been correct but that, since the reaction around the country had been unfavorable, the stamp program was now going to be retained.

Senator McGovern scheduled another hearing of the Select Committee for September 15 to seek clarification of the matter. Secretaries Hardin and Finch were once again invited to testify. During this hearing, the Administration officials unequivocally affirmed the commitment to nutritional adequacy through maintenance of the Food Stamp Program for America's poor along with FAP. Senator McGovern and Senator Jacob K. Javits (R–N.Y.), ranking minority member of the Select Committee, began the hearing by raising the basic questions:

> Senator McGovern. At the outset, I want to make clear the specific questions I believe we must have answered this morning:
>
> First, will every poor family or individual be eligible for food stamps, whether it is receiving family assistance or not, until its total income, from whatever source, is sufficient to enable it to purchase an adequate diet with no more than 30 percent of its income?
>
> Second, will there be any difference in Food Stamp Program eligibility requirements, purchase prices or benefits among family assistance recipients who are employed, those who are unemployed and poor persons not on family assistance?
>
> Third, when the family assistance recipient is employed, will his welfare benefits be treated any differently if he is on food stamps? [2]

[2] *Ibid*, Part 12—Welfare Reform and Food Stamps, Sept, 15, 1969; p. 3755.

Senator JAVITS. I came to the three same questions the chairman did. The Administration is unfolding what I consider to be an innovative and extremely important landmark for family income planning, for which I give both of these Secretaries enormous credit. Now, we must answer these questions.

During the past few weeks, however, there has been much discussion and controversy concerning the effect of the Administration's welfare proposals on the future of the Food Stamp Program. Today, we must answer—once and for all—three crucial questions.

First, will the Administration continue to demand an expanded Food Stamp Program?

Second, will such an expanded program, if demanded and implemented, be continued until the level of monetary payments reaches a level where food stamps can be discontinued without hardship to recipients?

And third, will the long-term combined effect and the end result of the programs afford the poor greater opportunities for escape from poverty-related hunger and malnutrition?

I believe that the programs can be successful only to the degree that this is accomplished, and I will do all I can—both in the Senate and in working with the Administration—to see that the unmet needs of the hungry poor are met so that they may gain the economic independence and the health that all Americans desire and deserve. In the final analysis, we will be judged morally as a great Nation—not only by our general well-being, but also by how well we provided for those who have so little.[3]

Secretary Hardin responded to the questions this way:

> Since Secretary Finch and I last met with you, the President has proposed a far-reaching overhaul of our whole welfare system. The President's family assistance proposals will have a tremendous impact on the situation of the poor. Assistance will for the first time be available to the working poor, just as food stamps have been available to them in the past and will continue to be available.
>
> You will recall that the President, in his May 6 message to Congress, promised that his food stamp proposals would—
>
> > Insure that the Food Stamp Program is complementary to a revised welfare program, which I shall propose to Congress this year.
>
> That is a quotation from the Presidential message.
>
> The Administration's food stamp and family assistance proposals are complementary as the President pledged they would be. Both are designed to provide substantial assistance to the poorest of the poor. Both are available to the working poor. In each program, assistance is reduced on a gradual

[3] *Ibid*, pp. 3756–7.

basis and income rises so that the incentive to work is preserved. Assistance in each program is phased out when income reaches a level somewhat above the current poverty line—$3,920 for a family of four under family assistance, $4,000 with food stamps. With the two programs operating together we have a chance to begin a comprehensive approach to the income problems of the poor.

Family assistance in no way detracts from the priority that the President assigns to eliminating malnutrition. In the existing Food Stamp Program we have a vehicle for dealing with poverty-caused malnutrition.[4]

Secretary Finch answered:

First, will every poor family or individual be eligible for food stamps, whether it is receiving family assistance or not, until its total income, from whatever source, is sufficient to enable it to purchase an adequate diet with no more than 30 percent of its income?

The answer to that is "Yes." A family of four with an income level of up to $4,000 per year will be eligible for food stamps.

Second, will there be any difference in Food Stamp Program eligibility requirements, purchase prices or benefits among family assistance recipients who are employed, those who are unemployed and poor persons not on family assistance?

The answer to that is "No," although, of course, the amount of the stamp subsidy changes as people's income goes up through earnings or through welfare increases.

The third question was: When the family assistance recipient is employed, will his welfare benefits be treated any differently if he is on food stamps?

There, again, the answer to that question is "No." The families assistance legislation will state that food stamp benefits are not treated as income for purposes of determining a family's eligibility or the amount of benefits.[5]

After responding directly to the questions, Secretary Finch then went on to give a more thorough exposition of the Administration's position regarding nutritional adequacy, food stamps and FAP:

Secretary Finch. There is no more urgent governmental responsibility than to care for the hungry and undernourished. The President made this problem one of the first orders of business of the new Administration, and it continues to stand at the top of our list of priorities. Even though we have been very much concerned from the outset with the interdependency between food stamp and welfare reforms, the President determined that the urgency of the need for feeding people demanded that we submit stamp proposals sepa-

[4] *Ibid*, p. 3760.
[5] *Ibid*, pp. 3762–3.

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rately and as soon as possible so the Congress could act quickly. This we did. We still await congressional action, and I would join Secretary Hardin in urging immediate action on the bill.

Family assistance is the second element of that new strategy, and the most far-reaching in importance. The food stamp proposal would substantially increase the disposable income of the Nation's poor.

Family assistance would further increase the incomes of some of those presently on welfare, extend aid to the entirely new category of the working poor, and produce important structural reforms in the welfare program.

Moreover, every effort has been made to integrate the food stamps and family assistance into a single pattern. Under the President's plan, both systems would now cover families headed by a working male—insuring the kind of incentives to work and to family stability for which we have been striving—and both would ultimately be administered through the same organization, with the same procedures.

I am obliged to say, Mr. Chairman, that this relationship between food stamps and the family assistance program is not clearly set out in a recent publication of your subcommittee. Now that I have had an opportunity to clarify the matter, I would respectfully request that distribution of that publication be suspended until corrections can be made.

In addition, Mr. Chairman, there appears to have been some confusion on the question of the eligibility for food stamps of old-age assistance recipients under the welfare reform plan. Let me again clarify.

Family assistance in no way reduces the eligibility of these deserving persons for food stamps—they will continue to receive both forms of aid and will in many cases be better off than they were under the previous public assistance and food stamp programs.

The third element in the President's new strategy is aimed at increasing the capacity of the poor to support themselves, through expanded work incentives and work requirements under family assistance and through the more flexible and coordinated mechanism of the "Manpower Training Act of 1969" which the Administration has proposed.

I would urge this committee to take the same integrated approach to the problems of poverty and malnutrition, and to consider the interrelationships between food stamps and welfare. First of all, that food stamps are but a form of income support provided in kind rather than in cash. For several reasons, our ultimate goal over the years should be to move toward a wholly cash income support system and away from in-kind multiple programs.

First, poverty is not a problem which can be solved by food alone. Even the narrower problem of hunger and malnutrition cannot—as this committee has pointed out—be solved solely by food assistance programs.

FLEXIBILITY OF CASH ASSISTANCE

Commissioner of Aging Martin's testimony last week explained this point with regard to the elderly. Also, the benefits of a food assistance program can too easily be negated by health deficiencies which a family has no funds to correct, a lack of access to clean water or good sanitation, a lack of clothing, or a lack of education without which a family cannot learn good nutritional practices. We need support programs geared to the whole man and not just one of his problems, and only cash assistance provides the required flexibility.

Second, a gradual movement toward cash assistance is desirable from the point of view of personal dignity. Many food stamp recipients resent having to go into a grocery store and use a form of scrip which immediately identifies the buyer as someone on welfare or in the poverty category. Only cash carries no labels.

Third, cash assistance provides the maximum flexibility and personal responsibility for the individual. Cash enables the recipient to substitute his own judgment of how best to meet his needs for the determination of a far-away government. The individual determines how he allocates his income and how much he should spend on food.

This Administration, therefore, believes that over the years cash assistance should eventually be substituted for food stamp programs in a way which leaves the individual at least as well off in total benefits.

We are not yet at that point today, however, and there should be no question about one fact: No family assistance recipient will be worse off than he would have been under AFDC plus the President's May Food Stamp Plan; many recipients will in fact be substantially better off.[6]

Finally, Senator McGovern, in an attempt to remove any doubt about the principles being followed by the Administration regarding food stamps and FAP, engaged in the following exchange with Secretary Finch:

Senator MCGOVERN. Would it be correct to say, since the administration is pledging itself under its food stamp formula to provide food assistance for a family of four until that family has an income level at $4,000 or above, that you would continue all families that wish to participate in the Food Stamp Program until their combined income totaled $4,000?

Secretary FINCH. Absolutely. There is no question about that.

Senator MCGOVERN. It seems to me that is the key question, if we are to protect the principle of food stamp legislation, and I hope we are very clear on that point.

Secretary FINCH. Yes, sir.

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[6] *Ibid*, pp. 3765–7.

> Senator McGovern. So that no family is going to be knocked off the food stamp rolls, no matter where they get their income, until that income is $4,000 or above?
>
> Secretary Finch. That is the basic concept.[7]

This principle of maintenance of the Food Stamp Program until a family's income reached the official poverty level—the point at which it should be able to purchase an adequate diet and meet other needs—was reflected in the legislation eventually introduced to Congress by the Administration. At this point in time, it was clear that the Food Stamp Program was to remain available to families participating in FAP because that was the only way those families could be assured of a minimum adequate diet. And a minimum adequate diet was a national commitment.

This principle was also reaffirmed in December by the participants in the White House Conference on Food, Nutrition and Health. A number of panels considered the problem of food stamps versus income maintenance as a means of ensuring poor families a minimum adequate diet. All panels reached the same conclusion. Total cash income was obviously preferable to food stamps as a means of ensuring such a diet. But until cash income support reached levels high enough to actually ensure the minimum adequate diet, the Food Stamp Program had to be retained. The Panel on "Systems of Delivery of Food and of Money for Food" summed up this consensus with the following statement:

> Although there are inadequate data relating income and the ability to feed one's family, this Panel is convinced that a family of four cannot be fed adequately on an income of less than $5,500 and still meet other necessities.
>
> * * * * * * *
>
> The Panel wishes to reemphasize its concern that in-kind programs not be phased out unless an adequate income maintenance program is available to replace them.[8]

The Conference as a whole therefore called for an expanded and improved Food Stamp Program.

More recently, the White House Conference on Aging, held November 28-December 2, 1971, recommended:

> Minimum adequate income (at least $3,000 per single person and $4,500 per couple) must be available to all elderly. Until money payments are increased above this minimum level existing food programs should be strengthened, including nutrition education, to meet the needs of the elderly. Therefore, it is recommended that:
>
> (a) In addition to store purchases of food, food stamps be used for the purchase of meals in participating res-

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[7] *Ibid*, pp. 3770–1.

[8] White House Conference on Food, Nutrition and Health; *Final Report*, 1971; p. 214.

taurants, school and community settings, and any approved home delivery systems.

(b) The Food Stamp Program must be structured to conform to the USDA low-cost food plan at no increase in the cost of food stamps to the recipient.

(c) As long as low-income Social Security recipients are on fixed incomes they should be eligible for self-certification for food stamp and/or Public Assistance cash grants.

(d) Food stamp applications should be mailed with Social Security checks and stamps sent to older persons through the mail or by some other efficient, practical and dignified distribution method.

(e) The purchase of food stamps should be encouraged and facilitated by providing the first food stamp allotment without cost to the recipient, by permitting more frequent purchases and by distributing stamps at senior citizen centers.[9]

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[9] 1971 White House Conference on Aging; *Report to Delegates*, Dec. 1971; pp. 19–20.

Chapter IV

THE "CASH-OUT" AND NUTRITIONAL ADEQUACY

After the Administration submitted its Family Assistance Plan to the 91st Congress, the House Ways and Means Committee gave it careful consideration. During this consideration, some members of the committee proposed that the basic income floor of $1,600 for a family of four be increased to $2,400 by means of providing the food stamp bonus of $800 in cash to family assistance recipients. While many members of the committee looked favorably on this proposal, it was not adopted by the committee as a whole. The Family Assistance bill as reported from the committee to the House floor retained the option of the income program participants' continuing to purchase food stamps. The House adopted this version of the Family Assistance Plan.

Senate consideration of the Administration's proposal, both in the Finance Committee and on the Senate floor, was intense and protracted. In the end, the Senate did not pass a Family Assistance Program during the second session of the 91st Congress.

At the beginning of the 92d Congress, the Administration resubmitted a revised version of its original plan. It was at this time that the concept of cashing out the Food Stamp Program took a critical turn. When the Administration resubmitted its plan, it included some alternatives for the Ways and Means Committee to consider. One of these alternatives was to increase the basic income floor to $2,400 by means of a food stamp cash-out, and to provide the food stamp bonus in cash to families above that level. The Administration, while submitting this alternative, did not take a position for or against it.

The prospect of increasing the original income floor of $1,600 to $2,400 was obviously an attractive one. The Administration's original proposal was probably criticized more for its low floor than for any other aspect of the measure. There was considerable pressure to increase the $1,600 figure.

The Ways and Means Committee moved swiftly to report the Family Assistance Plan, now known as H.R. 1, to the House floor. This time the committee chose to adopt the alternative of cashing out food stamps, thereby raising the basic income floor to $2,400 and providing food stamp bonuses in cash to families now receiving welfare payments and food stamps above the $2,400 level. At the same time, the committee retained the option for families to continue to participate in the surplus commodities program but not the Food Stamp Program.

Before discussing the mechanics of the "cash-out" under H.R. 1, it is necessary to understand the relationship between food assistance and cash payments in the current system, beginning with the derivation of the poverty line.

A.—Defining Poverty in America

In 1965, statisticians in the Social Security Administration developed a poverty income level based on then current analyses of the proportion of a family's income that was devoted to food expenditures, and on the amount needed by "an American housewife with average skill and making average choices" to meet the nutritional needs of her family. The poverty income level was intended as a statistical tool which might be applied in the same manner from year to year in order to estimate the relative economic well-being of groups within the population. Used together with income information collected through the annual census, it would also provide information on changes in the size and composition of the poverty population from year to year. It was devised "as a statistical yardstick rather than a criterion to determine individual family needs." [1]

At the time, there were two sources of information on how Americans at various income levels spent their available dollars. There was a Bureau of Labor Statistics family expenditure survey from 1960–61, and a Department of Agriculture food consumption survey from 1955. That information indicated that on the average a low-income family spent about one-third of its income after taxes on food.

The amount of money that a family needed in order to provide for its nutritional needs was determined by the Agriculture Research Service of the Department of Agriculture. The Economy Food Plan, described in the Department's publications as a diet plan "for temporary use when funds are low," was used as the measure of how much money a poor family needed for food. The plan is described elsewhere in the Department's literature as suitable for a family in which the father does sedentary or light factory work, the mother does only 4 hours of light housework, and the children are a boy and a girl between 8 and 12.[2]

The Department of Agriculture has recently stated that its own designation of the plan as an "emergency plan" did not mean that it could not provide the proper nutrients but only that their own surveys show that of families spending that amount for food, only 1-in-10 is

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[1] Molly Orshansky, testimony before the Subcommittee on Employment Manpower and Poverty, March 23, 1971.

[2] U.S. Department of Agriculture publications dealing with Economy Food Plan:

Family Food Plans, Revised 1964, Agricultural Research Service, CA 62–19, November 1964.

Money Value and Adequacy of Diets Compared with the USDA Food Plans, Family Economics Review, September 1969.

Family Food Budgeting, Home and Garden Bulletin No. 94.

Ideas for Leaders Working With Economy-Minded Families, PA–937. November 1969.

Food and Family Income, Statement Prepared by Consumer and Food Economics Research Division, Agricultural Research Service, June 23, 1969, for the Select Committee on Nutrition and Human Needs.

likely to obtain a good diet. The dollar amounts representing the cost of the plan are developed from national averages on an average per pound basis.

The Department of Agriculture develops costs for the various plans—there are also Low Cost, Moderate, and Liberal Diet plans—on a regional basis, but the amount used in the Food Stamp Program and in calculating the poverty line is a national average.

In other words, if a poor family contains a man and woman between 30–35, one of whom has a sedentary or light factory job and the other of whom does only light housework for half a day, includes two children between 8 and 12, and lives in an area of the country where food prices are exactly comparable to the national average, and finally, if the shopper and menu planner has the skills and knowledge of the nutritionists in the employ of the Department of Agriculture, that family could achieve a nutritionally adequate diet from the Economy Food Plan.

The cost of that diet plan was then multiplied by 3—the average one-third of income spent on food—to arrive at a poverty income level in 1965. Using 1963 income figures, the poverty level for a nonfarm family that year was $3,128. Each year after that until 1969, the cost of the foods in the Economy Diet Plan were repriced on a national basis, and multiplied by 3 to arrive at the poverty income level for that year. The same method was applied retrospectively to provide poverty figures back to 1959.

In August of 1969, the Bureau of the Budget—the predecessor agency to the Office of Management and Budget—issued a directive contained in Budget Circular No. A–46, *Transmittal Memorandum No. 9.* With that directive the method used to calculate the poverty line was changed. After 1969, the poverty line already developed from the cost of an Economy Diet times three would be used as the base, but the yearly adjustments would come only from the single, all-items price change reflected in the Consumer Price Index.

At that time the Social Security Administration suggested that the original measure ought to be updated using food consumption information contained in the 1965 Department of Agriculture food consumption survey—information which is used in compiling the Bureau of Labor Statistics Budgets. The effect of that single adjustment, using information clearly more current than the 1955 survey data on which the original poverty line was based, would be to raise the poverty line about 10 percent beyond the increases reflected in the Consumer Price Index. The Budget Bureau rejected that proposal.

(It will be interesting to note the impact of the wage/price freeze—which should be reflected in the Consumer Price Index—as compared with the increase in the cost of food—which will not have been greatly affected by the price controls. It may be that understating the cost of foods will be more significant to the poverty line calculation for 1972 than might have been true in 1969.)

Instead, the Consumer Price Index was applied and all poverty figures were recalculated going back to 1959. The Census Bureau—which was given responsibility for future activity with respect to the poverty level—released a publication based on the new set of calculations, "Poverty in the United States 1959 to 1968." The new poverty

figure, based on the Economy Diet times three but now increased by changes in the CPI, became the official figure for use by Government agencies in budgeting and planning. In 1970 that figure was $3,968 for a family of four assuming 30 cents per-person-per-meal.

B.—The Poverty Line and Domestic Antipoverty Programs

As has been noted, the poverty line was intended as a statistical tool rather than as a measure of individual need. However, over the years the poverty line has become accepted throughout the domestic agencies of the government for planning and budgeting, for setting the upper limits of eligibility for antipoverty programs, and for determining the amount and kind of public assistance, food assistance and other welfare benefits a poor family might be entitled to. Thus, the poverty line has become more and more closely wedded to the administration of our antipoverty programs and has assumed, proportionally, a greater and greater importance in the lives of poor Americans. What was devised as a tool by which the number poor and nonpoor could be measured, has become virtually the single measure by which benefits are allowed or denied.

The relationship between the poverty line and food has already been referred to. Another way of illustrating the close relationship between the two may be found in an examination of the cash and food stamp benefits now available to four-person families, State by State.

TABLE I.—*Current maximum payment levels, family of 4*

State	AFDC payment	Food stamp bonus	Total
Alabama	[1] $972	$1,044	[1] $2,016
Alaska	4,500	288	4,788
Arizona	[1] 2,004	([2])	[1 2] 2,004
Arkansas	1,200	972	2,172
California	2,652	552	3,204
Colorado	2,820	480	3,300
Connecticut	3,960	312	4,272
Delaware	[1] 1,788	([2])	[1 2] 1,788
District of Columbia	2,856	480	3,336
Florida	[1] 1,608	864	[1] 2,472
Georgia	[1] 1,596	864	[1] 2,460
Hawaii	3,156	408	3,564
Idaho	2,904	480	3,384
Illinois	3,384	408	3,792
Indiana	[1] 1,800	768	[1] 2,568
Iowa	2,916	480	3,396
Kansas	2,928	480	3,408
Kentucky	[1] 2,244	696	[1] 2,940
Louisiana	[1] 1,308	972	[1] 2,280
Maine	[1] 2,016	768	[1] 2,784
Maryland	2,352	624	2,976

See footnotes at end of table, p. 39.

TABLE I.—*Current maximum payment levels, family of 4*—Continued

State	AFDC payment	Food stamp bonus	Total
Massachusetts	$3,768	$312	$4,080
Michigan	3,156	408	3,564
Minnesota	3,588	360	3,948
Mississippi	[1] 840	1,080	[1] 1,920
Missouri	[1] 1,560	864	[1] 2,424
Montana	2,736	552	3,288
Nebraska	[1] 2,400	624	[1] 3,024
Nevada	[1] 1,716	(2)	[1, 2] 1,716
New Hampshire	3,528	(2)	[2] 3,528
New Jersey	4,164	312	4,476
New Mexico	[1] 2,184	696	[1] 2,880
New York	4,032	312	4,344
North Carolina	1,896	768	2,664
North Dakota	3,132	408	3,540
Ohio	2,400	624	3,024
Oklahoma	2,200	(2)	[2] 2,200
Oregon	2,700	552	3,252
Pennsylvania	3,756	312	4,068
Rhode Island	3,156	408	3,564
South Carolina	1,236	972	2,208
South Dakota	3,600	360	3,960
Tennessee	[1] 1,548	900	[1] 2,448
Texas	2,148	696	2,844
Utah	2,544	552	3,096
Vermont	3,648	360	4,008
Virginia	3,132	408	3,540
Washington	3,636	360	3,996
West Virginia	1,656	864	2,520
Wisconsin	2,604	552	3,156
Wyoming	2,724	552	3,276
Guam	3,084	(2)	[2] 3,084
Puerto Rico	[1] 636	(2)	[1, 2] 636
Virgin Islands	1,620	(2)	[2] 1,620

[1] State now employs a maximum or percentage reduction in benefit computation. The State's need standard is higher than the payment shown on this table.
[2] State does not now have a Food Stamp Program. (See following note.)

NOTE: Department of Health, Education, and Welfare figures. Table does not reflect changes in State plans or payment levels since January 1971.
Only four States now do not have a Food Stamp Program—Delaware, Nevada, New Hampshire, and Oklahoma. In those States welfare recipients and other eligible needy persons may be receiving surplus commodity foods carrying an average per capita value of $7.

As the chart indicates, in only four States does the welfare program provide cash benefits comparable to the poverty income line, which was developed as the minimum income a family can have and be able to have a 1-in-10 chance of obtaining a good diet. All are States in which the cost of living is higher than the national average—Alaska, Connecticut, New Jersey, and New York. In four additional States, South

Dakota, Vermont, Pennsylvania and Massachusetts, families which participate in the Food Stamp Program can have total benefits equal to the poverty income line. In no other State is the poverty income level reached even by combining maximum food stamp and maximum welfare benefits. Thus, by the standard of nutritional adequacy contained in the present poverty level, 42 of the present State welfare programs fall short.

C.—Supplemental Payments Under H.R. 1

From the perspective of achieving nutritional adequacy, H.R. 1 accepts an even lower level of benefits, $2,400 for a family of four, than is provided in most current welfare programs. At the same time, H.R. 1 raises no fundamental challenge to current uses of the poverty line. The most misleading use of the poverty line is that it has become established as a maximum standard for benefits provided to needy families. Although designed as a measure of minimal adequacy, it has been almost universally applied as a determinant of individual family need.

H.R. 1 involves changes in what and how welfare assistance will be made available. In terms of nutritional adequacy, the changes written into H.R. 1 could well result in benefits lower than those currently available in nearly half the States. The explanation may be found in the way the food stamp cash-out and fiscal relief to the States are related, and how they are calculated.

HOW PRESENT WELFARE COSTS ARE BORNE

The States now share with the Federal Government the cost of welfare payments to eligible poor people within their boundaries. The proportion that a State pays depends upon a formula which is derived from the size of a State's poor population and the value of its tax base. Under the present formula poorer States with large poor populations can get $83 in Federal money for every $17 in State money. Wealthier States may get $50 Federal for $50 State, and the middle range of States will operate on formulas falling between. As welfare rolls have increased in recent years, the extra costs have fallen on the States as well as on the Federal Government. With tax revenues down and demands on the States treasuries up, many States have been anxious for some kind of fiscal relief and protection against unexpected, even runaway costs in their welfare programs. Because of the fiscal pressures in the States, H.R. 1 contains a provision for just that kind of protection—it is known as the "hold harmless" provision.

HOLD HARMLESS FOR SUPPLEMENTAL PAYMENTS UNDER H.R. 1

The "hold harmless" provision written into H.R. 1 is concerned primarily with welfare payments above $2,400. The purpose of the "hold harmless" clause is to ensure that States meeting certain conditions set out in the law would not have to spend more money funding their welfare programs than they spent in calendar year 1971. Any new costs resulting from changes required by the adoption of H.R. 1, as well as additional costs occurring because of natural increases in the

size of the current welfare population, would be picked up by the Federal Government.

In order to realize the financial benefits of the "hold harmless," a State must meet several conditions. First, it must agree to pay current welfare recipients the same level of benefits available to recipients in January of 1971, including—at the States' option—the value of food stamp benefits.

Second, if paying 1971 benefits would require a supplemental payment above $2,400, the State must agree to have this State supplemental payment administered by the Federal Government along with the Federal $2,400.

Third, a State will be "held harmless" only for the cost of supplemental payments to those categories of recipients who were receiving benefits in January 1971. That would include persons receiving Aid to the Aged, Blind, and Disabled; Aid to Families with Dependent Children; and, AFDC-UP families in States having such programs in 1971.[3] If a State wished to make supplemental payments to categories of poor persons who were not eligible in January 1971, the increase would not be regarded as "natural" and the State would not be "held harmless" for the additional costs that would result.

Payments to working poor families above $2,400 would not be included in the "hold harmless" because working poor families were not eligible for Federal welfare benefits in January 1971.[4] In practical terms, this would be ensuring benefits above the Federal payment only for recipients who were on or eligible for welfare in 1971.

OPTIONAL NATURE OF STATE SUPPLEMENTS

For every State the "hold harmless" provision is an option and not a requirement. There are several ways a State can render itself "held harmless" without acceeding to conditions in H.R. 1. First, any State will be free to accept only the $2,400 basic payment for its eligible families and provide no State supplemental payment above that. In the language of the Report of the Committee on Ways and Means on H.R. 1:

> Your committee's bill accordingly leaves each State, completely free either to provide no supplementation of Federal assistance payments or to supplement those payments to whatever extent it finds appropriate. . . . Each State would also retain complete freedom to revise at any time its determina-

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[3] AFDC-UP families are needy families in which two parents are present and the head of the household is involuntarily unemployed. Only 25 States had such programs in January of 1971.

[4] It will be argued that working poor families will have more than $2,400 available because the first $720 in earnings will be exempted in calculating the size of their FAP entitlement, as will the next one-third of earnings above $720, in order to provide a "work incentive." But the $720 is described as money needed to "meet the costs of going to work," and therefore is not available to the family to meet other expenses, such as food. The provision is similar to one in the current law, which provides that the first $360 plus one-third of earned income shall be exempted for the purposes of calculating welfare benefits. In practice, a number of States exempt actual expenses which are above the $720 in H.R. 1.

tion of whether and to what extent it would supplement the Federal payments.

States now paying more than $2,400 could be completely "held harmless" by not supplementing the Federal payment at all.

Second, States will also be free to make supplemental payments, which, while above the Federal level, are lower than the level of 1971 welfare benefits. For example, States could choose to provide the old welfare benefits without providing the value of food stamps.

Under the terms of H.R. 1, persons receiving cash benefits would not be entitled to food stamps. Thus, in States which choose not to provide the value of present food stamp benefits, poor people will lose these benefits entirely and be worse off than they are under current law.

There have been a number of proposals regarding methods of increasing cash benefits to families within the general approach of the Family Assistance Plan. One of these is that the Federal Government should make State supplementation above the basic Federal payment mandatory instead of optional. Furthermore, it has been suggested that the Federal Government provide financial incentives to States to increase this supplementation beyond the payment levels in effect as of January 1971. While these proposals would not guarantee that cash payments in every State would equal the poverty line, thereby fulfilling the principle of nutritional adequacy, they might further that principle and are, therefore, worthy of consideration.

In brief, States could choose to maintain all current welfare recipients at January 1971 levels through State supplemental payments. But while a State may choose to do that for female-headed (AFDC) families and the Aged, Blind and Disabled and be protected by the "hold harmless," it could not do that for two-parent families (AFDC–UP), and working poor families because one of those groups—and in half the States two of those groups—did not receive federally assisted benefits in January 1971.

HEW ASSUMPTIONS ABOUT STATE SUPPLEMENTS

In the tables and charts prepared for the Congress, HEW is assuming that all States will maintain at least the level of benefits which were received in January 1971. The "hold harmless" provision is, they reason, a strong inducement to States not to reduce benefits to current recipients.

The second inducement is contained in the method by which the 1971 level food stamp bonus value—currently all Federal funds—may be added to the State supplement while still holding the State harmless. Under the present system of cash payments and optional Food Stamp Program participation, not all public assistance recipients also receive food stamps. If a State chooses to be governed by the food stamp option in the "hold harmless" formula of H.R. 1, the maximum food stamp bonus now available in a State would go to all those eligible for supplemental payments. That calculation is one of the most generous provisions in H.R. 1, automatically entitling all recipients to the value of the food stamp benefits now only going to some—without requiring additional State spending in more than half the States.

Finally, if a State now paying more than $2,400 did not wish to provide supplemental payments, it would have to take positive action to implement that decision through its State legislature. Taken together, those three arguments are the principal reasons for assuming that all States will maintain recipients at January 1971 benefits levels.

THE HIDDEN "COSTS" OF PROVIDING FOOD STAMP BENEFITS IN CASH

The assumption that all States will make supplemental payments above the Federal $2,400 payment leaves something important unsaid. Except for some shared administrative costs, the cost of the Food Stamp Program is now borne entirely by the Federal Government. Under H.R. 1 almost the exact reverse will be true. The only way eligible persons may continue to receive the value of their food stamps under H.R. 1 will be through the mechanism of the State supplements, since those receiving cash payments will no longer be eligible for the Federal Food Stamp Program. The cost of the State supplements is to be borne out of State money. Whether a State will choose to use State money to provide benefits that were formerly provided out of Federal money is a matter entirely at the States' option.

In some States where the Federal payment under H.R. 1 represents an increase over the amount of funds due a State under the present formula, the total cost to a State of providing supplemental payments will actually be less than their calendar year 1971 costs.

Nineteen States and the District of Columbia are in just such a financial position under H.R. 1.

Those States will not actually receive a "hold harmless" payment from the Federal Government. Such a State is, in a sense, naturally "held harmless" because its costs under H.R. 1 would not exceed its calendar year 1971 costs for the present program. Such a State could enter into an agreement with the Federal Government to have the Federal Government administer its supplements as well as pay all administrative costs.

But such a State might just as easily decide not to turn over the control of supplemental State payments.[5] It does not "need" the arrangement with the Federal Government in order to achieve fiscal protection, because the terms of H.R. 1 provide that protection.

Those States and the District will not exceed their 1971 costs even if they give all current recipients a full supplement at the 1971 level including the benefit of the food stamp bonus value. Since they will be receiving financial relief without meeting the conditions of the "hold harmless" provision, they are entirely free to determine how much more they might save by not providing 1971 food stamp benefits. It is possible to arrive at a rough calculation of how much in additional savings those States might realize if they did not provide food stamp benefits. By taking the dollar value of the average annual per-person-

[5] Welfare programs have been traditionally State programs with some Federal financial participation and Federal regulatory oversight. Some States are reluctant—for a variety of reasons—to relinquish that traditional role altogether. Particularly where State money is involved, many States wish to control who will receive assistance and on what terms.

food-stamp-cost used to estimate the food stamp cash-out (as of January 1971), times the projected number of recipients who would be eligible under present programs by fiscal year 1973, Table II illustrates the possible savings State by State. There is, then, a financial incentive to those 19 States and the District *not* to provide the food stamp cash-out under H.R. 1.

TABLE II

State	Number of welfare recipients under current law, fiscal year 1973 (in thousands)[1]	Annual per person food stamp value [2]	Fiscal year 1973 savings to States, including cost of food stamp value (in millions)[3]	Additional savings to States if food stamp value is not provided to recipients (in millions)
Arizona	97.7	$99	$21.5	$9.7
Colorado	146.2	120	13.3	17.5
District of Columbia	101.7	120	12.6	12.2
Florida	449.9	18	170.3	8.1
Georgia	485.1	12	51.8	5.8
Hawaii	43.8	102	7.0	4.5
Iowa	116.2	120	26.7	13.9
Kansas	104.0	120	14.2	12.5
Kentucky	259.8	135	12.6	34.1
Maryland	217.5	144	41.9	30.4
Montana	26.0	138	2.5	3.6
New Mexico	100.1	120	7.3	12.0
North Carolina	248.2	66	31.9	16.4
Ohio	523.7	156	64.0	88.6
Oregon	138.1	138	15.9	19.1
Tennessee	358.1	12	34.2	4.3
Texas	771.6	111	57.1	85.7
Utah	57.6	138	3.4	8.0
West Virginia	128.1	30	18.3	3.8
Wisconsin	138.2	138	33.3	19.1

[1] Figures developed by HEW and published in "Social Security Amendments of 1971," The Report of the Committee on Ways and Means on H.R. 1, May 26, 1971; pp. 227–228.

[2] Figures developed by HEW and published in "Welfare Programs for Families," a report of the Senate Committee on Finance, July 21, 1971; pp. 40–41.

[3] Figures developed by HEW and published in "Social Security Amendments of 1971," The Report of the Committee on Ways and Means on H.R. 1, p. 216.

As Table II illustrates, under H.R. 1 States not receiving a "hold harmless" payment would continue to save money while passing the value of food stamps on to all current recipients. But those States would save considerably more money by not giving recipients the cash value of the food stamps. In 15 of the 20 areas, not providing the food stamp value would increase the States' savings by more than 50 percent. In six of those 15 areas, the increase would be over 100 percent; in Kentucky and Utah the increase in savings would be more than

200 percent. Nationally the additional savings amounts to some $400 million, a not inconsiderable sum.

(The "annual food stamp value" figures were developed before the final language of the House bill was available, and, for technical reasons actually understate the total costs. Though the calculations would have to be adjusted to get more precise figures, the overall proportions for additional savings would probably not be greatly changed.)

The "hold harmless", then, offers the promise of protection against financial loss to the States but not to individual recipients. It offers the States a wide range of options in the way benefits may be calculated, while freezing maximum recipient benefits and State costs at the levels reached in 1971. In any State, recipients may find themselves ineligible for the Federal Food Stamp Program and unable to continue receiving its benefits; in 19 States and the District of Columbia, H.R. 1 provides a financial incentive for that to happen.

D.—Nutritional Adequacy and H.R. 1

The introduction of H.R. 1 offers a rare opportunity for the Congress to consider the assumptions on which the poverty line, and by inference much of the planning for antipoverty programs, are based. It is important that the Congress have the opportunity to consider the result of applying the standard of nutritional adequacy to the welfare proposals before our food assistance programs are dismantled.

As set out in section A of this chapter, the poverty line was based on the single measure of the average cost of a minimally adequate diet. To understand the limitations of this approach, it is useful to turn the question around: Can an average poor family meet all of its nonfood needs out of approximately two-thirds of the current poverty line—or roughly $2,600?

We know that poor families meet fixed expenses first—rent, utilities. The next demand on their money is represented by emergencies, that is, medical emergencies. Food is regarded as the flexible part of a poor family's budget. When funds are very tight, poor families eat less.

A maximum benefit level intended to protect against nutritional inadequacy might start from a calculation of needs in the other two-thirds of a poor family's economic life, and go on to assume that if those needs are met the money available to the family for food can actually be used for that purpose.

To illustrate this point we have taken the maximum amount of total benefits that a family of four would have under H.R. 1 in 32 metropolitan areas and attempted to estimate what would be available for food. We have had to make some assumptions. For example, to present the best possible view of H.R. 1 we assumed that all of the States would make supplemental payments including the food stamp cash-out so that no family would have less in benefits after Family Assistance Plan was in effect than before. And we assumed that the family had no outside income.

What follows is a limited version of the approach a welfare mother would have to take. She would look at the amount of money available to her and would set aside those things she absolutely had to pay for: A roof over the family's head; electricity, heat, and running water;

money to meet emergency medical expenses;[6] money for the things a child needs to stay in school—shoes, paper, lab fees; money for the personal items that no family can do without—toilet paper, soap, laundry, toothpaste; transportation to get to and from the welfare office and the doctor's office, the school for meetings with the teachers, the store. What is left over after those items are arranged for, is the money that is available for food.

The cost of the different items was taken from the figures developed by the Bureau of Labor Statistics in its lower standard budget. Those figures date back to the Spring of 1970 and so are lower than current costs. Some of the items are possibly higher than what a poor family actually must spend—for example, for transportation. Other items are definitely lower—for example, rent and utilities. The availability of Medicaid, while uneven in coverage, and limited, has prompted a decision to take one-half the amount indicated as needed for monthly medical expenses. No estimate was included for sales or other taxes or for any categories of nonessential budget items such as gifts, contributions, or insurance payments included in the Bureau of Labor Statistics estimates. No allowance was made for payments on outstanding debts.

Finally, we have assumed that where meeting the cost of the four budget items presented here would leave no available cash for food (as happened in 11 areas) the family would have made some other adjustments. It is well known that poor children stay home from school when there are not enough pairs of shoes to go around. Accordingly, where the four budget items exceed the total benefits available, we have arbitrarily eliminated the budget item for personal care and clothing—except for $10 to meet all of the family's essential needs.

The specific items in this "budget" calculation may not, nor do they attempt to, mirror what poor people actually spend in each budget category. The figures were chosen because the BLS budgets provide readily available figures for expenditures necessary to all families, according to prevailing prices in a variety of metropolitan areas. Using the BLS figures offers a way to look at what poor people will need to spend for items other than food. While some expenditures common to all families have been left out—such as sales taxes—on balance the final estimate of necessary expenses other than food is certainly not high, and is probably not unreasonable. What emerges from the figures is a population which, even in these broad terms, is clearly at risk of suffering nutritional inadequacy.

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[6] Although Medicaid is almost universally available to poor families, the amount and kind of benefits available vary from State to State and not all of the poor receive adequate coverage. An HEW Task Force on Medicaid estimated that "about one child out of three who is poor presumably has some services. . . ." Thus, two-thirds of poor children, not all of them on welfare, would not have received medical services through Medicaid or other Federal programs.

TABLE III

Area	Highest possible FAP benefits	Rent and utilities	Transportation	Personal care and clothing	Medical expenses	Amount left for food per month	Amount for food per person per meal
Northeastern United States:							
Boston, Mass	$340	$136	$42	$68.75	$33.50	$59,75	$0.16
Buffalo, N.Y	362	113	44	68.00	21.00	116.00	.32
Hartford, Conn	356	144	42	70.00	22.50	77.50	.21
Lancaster, Pa	339	111	39	64.00	21.00	104.00	.29
Northern New Jersey	373	115	36	67.00	24.50	130.50	.36
Philadelphia, Pa	339	106	38	65.00	22.50	107.50	.30
Pittsburgh, Pa	339	108	41	64.00	20.00	106.00	.29
Portland, Maine	232	128	40	10 (70.00) [1]	22.50	31.50	.09
North Central United States:							
Champaign, Ill	316	145	39	68.00	23.00	41.00	.11
Chicago, Ill	316	127	43	69.00	24.50	52.50	.14
Cincinnati, Ohio	252	108	39	67.00	19.50	18.50	.05
Dayton, Ohio	252	112	38	69.00	20.50	12.50	.03
Detroit, Mich	297	109	41	68.00	23.00	56.00	.15
Green Bay, Wis	263	114	38	72.00	20.50	18.50	.05
Cedar Rapids, Iowa	283	125	37	71.00	21.50	28.50	.08
Indianapolis, Ind	214	126	40	10 (67.00) [1]	23.00	15.00	.04
Kansas City, Mo	202	116	42	10 (70.00) [1]	22.50	11.50	.03
Minneapolis, Minn	329	122	41	70.00	22.50	73.50	.20
Wichita, Kans	284	120	36	64.00	22.50	41.50	.12

See footnote at end of table, p. 48.

TABLE III—Continued

Area	Highest possible FAP benefits	Rent and utilities	Transportation	Personal care and clothing	Medical expenses	Amount left for food per month	Amount for food per person per meal
Southern United States:							
Atlanta, Ga	$205	$112	$38	$10 ($64.00) [1]	$21.50	$23.50	$0.07
Austin, Tex	237	100	37	64.00	23.00	23.00	.04
Baltimore, Md	248	124	41	10 ($67.00) [1]	24.00	49.00	.14
Baton Rouge, La	200	107	39	10 ($64.00) [1]	21.00	23.00	.06
Durham, N.C	222	124	35	10 ($65.00) [1]	23.50	29.50	.08
Nashville, Tenn	204	111	39	10 ($63.00) [1]	20.50	24.50	.07
Orlando, Fla	206	126	36	10 ($61.00) [1]	23.50	10.50	.03
Washington, D.C	278	133	42	64.00	23.50	15.50	.04
Western United States:							
Anchorage, Alaska	399	244	72	10 ($79.00) [1]	36.50	36.50	.10
Bakersfield, Calif	267	111	42	69.00	27.00	18.00	.05
Denver, Colo	275	106	41	74.00	22.50	31.50	.09
Honolulu, Hawaii	297	166	46	10 ($71.00) [1]	24.50	50.50	.14
Seattle, Wash	333	139	42	75.00	26.00	51.00	.14

[1] Amount in parentheses indicates what would normally be needed to meet personal care and clothing needs. However, using that money would leave the families in debt before paying for any food at all. In these areas, only $10 is allowed for all personal care and clothing expenditures.

As Table III indicates, meeting other expenses reduces the amount available for food to less than 16 cents per-person-per-meal in 25 of the 32 metropolitan areas. Sixteen cents represents half of the approximately 31 cents per-person-per-meal needed to provide the minimally adequate Economy Diet Plan at December 1971 prices. In two more areas the amount available for food is more than half but less than three-fourths what is needed. In only two areas does there appear to be enough money, after Family Assistance Plan is in place, to provide the Economy Diet Plan and thus have a 1-in-10 chance of obtaining a good diet. Significantly, the areas are Buffalo, New York, and Northern New Jersey, two places in which the amounts provided for rent and utilities appear to be far lower than what is required.

Another way to assess what poor people will have available for food under H.R. 1 is to take the assumption incorporated in the original poverty line: that a poor family spends approximately one-third of its income on food. If the limited money available to poor families means that they can spend no more than that on food, it is a simple enough matter to calculate whether one-third of their H.R. 1 benefits will provide even a minimally adequate diet. Table IV sets out what would be available to needy families for food, State by State, spending one-third of their incomes on food.

TABLE IV

	Maximum possible annual benefits	Amount available per family per month using 1/3 rule	Amount available per person per meal using 1/3 rule
Alabama	$2,400	$60	$0.16
Alaska	4,788	120	[1] .33
Arizona	2,400	60	.16
Arkansas	2,400	60	.16
California	3,204	80	.22
Colorado	3,300	83	.23
Connecticut	4,272	107	.29
Delaware	2,400	60	.16
District of Columbia	3,336	84	.23
Florida	2,472	62	.17
Georgia	2,460	62	.17
Hawaii	3,564	90	[1] .25
Idaho	3,384	85	.23
Illinois	3,792	95	.26
Indiana	3,568	90	.25
Iowa	3,396	85	.23
Kansas	3,408	86	.24
Kentucky	2,940	74	.20
Louisiana	2,400	60	.16
Maine	2,784	70	.19
Maryland	2,976	75	.20

[1] Alaska requires 0.40; Hawaii requires 0.39 because of higher cost-of-living rates.

TABLE IV—Continued

	Maximum possible annual benefits	Amount available per family per month using 1/3 rule	Amount available per person per meal using 1/3 rule
Massachusetts	$4,080	$103	$0.28
Michigan	3,564	90	.25
Minnesota	3,948	99	.27
Mississippi	2,400	60	.16
Missouri	2,424	61	.16
Montana	3,288	83	.23
Nebraska	3,024	76	.21
Nevada	2,400	60	.16
New Hampshire	3,528	89	.25
New Jersey	4,476	113	.31
New Mexico	2,880	72	.20
New York	4,344	109	.30
North Carolina	2,664	67	.18
North Dakota	3,540	89	.25
Ohio	3,024	76	.21
Oklahoma	2,400	60	.16
Oregon	3,252	82	.22
Pennsylvania	4,068	102	.28
Rhode Island	3,564	90	.25
South Carolina	2,400	60	.16
South Dakota	3,960	100	.28
Tennessee	2,448	61	.16
Texas	2,844	71	.19
Utah	3,096	78	.22
Vermont	4,008	101	.28
Virginia	3,540	89	.25
Washington	3,996	100	.28
West Virginia	2,520	63	.17
Wisconsin	3,156	79	.21
Wyoming	3,276	82	.22

Because of the changes in the calculation of the poverty line, even in those States which provide a combination of cash plus food stamps, one-third of total benefits will not equal the amount needed for the Economy Diet Plan. Instead, only in New Jersey is the amount available for food comparable to the 31 cents per-person-per-meal required for the Economy Food Plan. In half the States between 20 cents and 26 cents per-person-per-meal might be the most available.

As is evident from Tables III and IV, providing even a 1-in-10 chance of achieving nutritional adequacy requires either that income be available to the poverty line (recognizing the limitations implied), or that food stamp supplements be available while income falls short of that level. Just to meet nutritional adequacy within the context of the minimally adequate Economy Food Plan would require for a

family with no other income, and assuming that all States choose to raise cash benefits to the level of current cash-plus-food-stamp benefits, that food stamps be available in addition. Because food stamp eligibility is higher than most States' benefit levels even after full supplementation under H.R. 1, it is possible to determine the amount of food stamp supplement that might be provided within the context of the currently operating food stamp bonus schedules.

Two Cabinet officers, one of them now a special counselor to the President, assured the Congress that food stamps would be retained until the benefits to poor Americans reached at least the level of the poverty line. Despite the provision in H.R. 1 that would eliminate food stamps for any recipients of cash benefits, there are two additional points of at least tacit understanding that the cash benefits alone will not be enough. The first is found in the decision to retain eligibility for the Commodity Distribution Program among recipients of cash benefits. The understanding there, clearly, is that the cash benefits alone may leave needy families with unmet food needs. The second may be found in HEW's treatment of those States which would provide less than $2,400 in a combination of present cash and food stamp benefits. For the purpose of estimating total programs costs, HEW counts those States as "free" States in determining the cost of the food stamp cash-out. That is, the $2,400 is regarded as raising the cash benefit level, not as providing a reasonable substitute for cash plus food stamps. For the purpose of the budget, it is as though those States have had no food assistance program, and at those levels a food stamp supplement would be a natural thing indeed. The Family Assistance Plan has been described by the Administration as a program that would more nearly standardize the wide variety existing in cash payments from State to State. In the past, States had to rely on the Federal matching share as well as the Federal food assistance efforts to provide reasonable levels of assistance. Now, under family assistance, a national cash floor is to be provided—States will be free to supplement that cash floor. What is being raised under H.R. 1, not just in the handful of States now paying the lowest benefits, is the cash floor available to the poor. What remains to be figured to more nearly fulfill the commitment to nutritional adequacy, is the food assistance benefits. Table V provides how that would work out.

TABLE V

	Maximum possible annual benefits	Amount of food stamp entitlement	Total benefits
Alabama	$2,400	$660	$3,060
Alaska	4,788	360	5,148
Arizona	2,400	516	3,324
Arkansas	2,400	660	3,060
California	3,204	444	3,648
Colorado	3,300	408	3,708
Connecticut	4,272	312	4,584
Delaware	2,400	660	3,060

TABLE V—Continued

	Maximum possible annual benefits	Amount of food stamp entitlement	Total benefits
District of Columbia	$3, 336	$408	$3, 744
Florida	2, 472	660	3, 132
Georgia	2, 460	660	3, 120
Hawaii	3, 564	684	4, 248
Idaho	3, 384	408	3, 792
Illinois	3, 792	312	4, 104
Indiana	3, 568	360	3, 928
Iowa	3, 396	408	3, 804
Kansas	3, 408	408	3, 816
Kentucky	2, 940	516	3, 456
Louisiana	2, 400	660	3, 060
Maine	2, 784	516	3, 300
Maryland	2, 976	516	3, 492
Massachusetts	4, 080	312	4, 392
Michigan	3, 564	360	3, 924
Minnesota	3, 948	312	4, 260
Mississippi	2, 400	660	3, 060
Missouri	2, 424	660	3, 084
Montana	3, 288	408	3, 696
Nebraska	3, 024	444	3, 468
Nevada	2, 400	660	3, 060
New Hampshire	3, 528	360	3, 888
New Jersey	4, 476	288	4, 764
New Mexico	2, 880	516	3, 396
New York	4, 344	288	4, 632
North Carolina	2, 664	588	3, 252
North Dakota	3, 540	360	3, 900
Ohio	3, 024	444	3, 468
Oklahoma	2, 400	660	3, 060
Oregon	3, 252	408	3, 660
Pennsylvania	4, 068	312	4, 380
Rhode Island	3, 564	360	3, 924
South Carolina	2, 400	660	3, 060
South Dakota	3, 960	312	4, 272
Tennessee	2, 448	660	3, 108
Texas	2, 844	516	3, 360
Utah	3, 096	444	3, 540
Vermont	4, 008	312	4, 320
Virginia	3, 540	360	3, 900
Washington	3, 996	312	4, 308
West Virginia	2, 520	588	3, 108
Wisconsin	3, 156	444	3, 600
Wyoming	3, 276	408	3, 648

Adding food stamps to the cash payments available to nonworking families raises important questions of equity with respect to the working poor. Secretary Finch responded that all families, irrespective of the source of their income, would be entitled to food assistance until their incomes reached at least the level of the poverty line. Since the working poor are to receive benefits under H.R. 1, they too should be entitled to food assistance.

The calculation of food stamp benefits to which the working poor are to be entitled demands a different set of assumptions from those governing the nonworking poor. Throughout the debate on H.R. 1 the Administration and the Congress have accepted the understanding that there are costs associated with going to work. Therefore, the first $720 of earned income is to be exempted. However, then it is necessary to examine the nutritional adequacy of the payments which will be available to the working poor families, exclusive of the first $720 of earnings. For example, under H.R. 1 a man earning $720 would be entitled to a Family Assistance payment of $2,400. However, assuming that that $720 is excluded income, the income actually available to that working poor family is really only the same $2,400 that is available to the nonworking family. The nutritional needs in both instances are the same; from the perspective of nutritional adequacy his family ought to be entitled to a food stamp bonus calculated on $2,400 of income. From the perspective of equity, it seems only reasonable that the working poor family which has to meet the expenses of going to work and holding a job should have at least as much income available to meet family needs as a nonworking family. Given the concern that has been expressed over "work incentives" there may even be some who would feel that the working family should have more.

Table VI illustrates the effect of making food stamps available to working poor families under the dual principles of nutritional adequacy and equity between working and nonworking families.

TABLE VI.—*Proposed food stamp entitlement for a poor family of 4 with wage earner(s)*

Earnings 1.	FAP payment 2.	Usable income 3.	Food stamp entitlement 4.	Total real income (3+4) 5.
0	$2,400	$2,400	$660	$3,060 (+720)
$720	2,400	2,400	660	3,060 (+720)
$1,800	1,680	2,760	516	3,276 (+720)
$2,400	1,280	2,960	516	3,476 (+720)
$3,000	800	3,080	444	3,524 (+720)
$3,600	480	3,360	408	3,768 (+720)
$4,140	120	3,540	360	3,900 (+720)

NOTE: Within context of current food stamp purchase schedule, and coupon allotment.

E.—The Poverty Line; Other Assumptions

H.R. 1 provides an opportunity to reexamine some of the assumptions on which the poverty line is based. The first assumption deserving reexamination is whether, in fact, food does represent one-third of a poor family's expenditures. A critical budget item for poor families, particularly if the family is large or comes from a racial minority, is housing. In 1969 the Social Security Administration suggested that alternative approaches to the poverty line should be explored—for example, with consideration given to the relationship of housing or medical care costs to need. There is reason to believe that the original bases for the poverty line—data already 5 and 9 years old when it was being used in 1965—would prove inappropriate if applied to more recent economic trends.

There are even more straightforward reasons to question the use of roughly one-third as the cost of food to poor families. Secretary Earl Butz, speaking recently before the National Press Club, said that the average American family now spends only 16 percent of its income on food. A publication [7] of the USDA reported: "About 18 percent of disposable income was spent for food in 1966." The Bureau of Labor Statistics estimates that 24 percent more nearly represents what average families actually spend for food from their total consumption income. In S. 2547, the Senate-passed Food Stamp Amendments of 1969, it was agreed that a poor family should need to spend no more than 25 percent of its income on food.

The second question is raised by the current application of the poverty line as a universal maximum standard for program eligibility. The assumption here is that a poor family, with about $4,000 in income, has all of that available for consumption spending. In fact, the effect of Federal, State, and local taxes, plus payroll taxes (if the family has one or more wage earner) operates very severely against the amount of income a poor family actually has available for consumption. In 1965, when the poverty line was first devised, Federal, State and local taxes represented 44 percent of income for those with family earnings of $2,000 or less. For those with incomes between $2,000–$4,000—and even taking welfare payments or other transfer payments into account—the effect of taxes less transfers was to leave those poor and marginal families with 16 percent less in income. Federal taxes have changed since 1965, and their effect on the poorest is less pernicious. But payroll taxes, and State and local taxes are higher and more prevalent. With a substantial portion of income going to such taxable items as food, utilities, and clothing, the effect on poor people is particularly devastating. We just cannot assume that the poor family with even $4,000 in a combination of earnings and welfare benefits has $4,000 which it can spend. Food, the "flexible" item in the budget, is almost certain to be shortchanged.

A third question that might be raised is a familiar one, and concerns the relative position of the poor. In 1959, the poverty line represented about one-half of median family income. In 1963 the ratio was 43 percent. By 1969, the poverty line represented only about 35 percent of median income.

At various points social and economic theorists have suggested that the poverty line ought always to represent one-half of median family

[7] Agriculture Economic Report No. 138, *Food Consumption Prices Expenditure.*

income in recognition of the effect of relative income. According to that theory a family with less than half of the median income available to all families can reasonably be considered poor. By adjusting the poverty line so that it now represents only about one-third of median income, we have accepted a relatively worse position for those labeled "poor."

Fourth, it should go without saying but usually does not, that all of the estimates for H.R. 1 are based on an assumption that families will receive no more than the maximum benefits available in January 1971. That is apparently to be true whether H.R. 1 is implemented in July 1972, or July 1973. In addition, there will be no Federal assistance to States which wish to make payments above those levels—either because of high local costs or local concern for the poor. There is no provision in the language of the "hold harmless" for the fact that food costs have increased; and, in fact, that the cost of the Economy Food Plan—on which food stamp benefits are based—has increased and will increase again.

The arithmetic of H.R. 1 is that—as vulnerable as needy families appear in the tables set out in this section—by the time H.R. 1 goes into effect their nutritional vulnerability will only have increased.

Finally, the poverty line was originally the result of the cost of the Economy Diet Plan times three. With the changes imposed by the Bureau of the Budget in 1969, that is no longer strictly true. In December 1971, the Economy Food Plan cost $111.10 per month or $1,333.20 per year, yielding a poverty line of $3,999.60 before computing any increase due to raises in the Consumer Price Index. (The USDA is considering an official change in the value of the Food Stamp Allotment to $112 to reflect the food cost increase.)

As noted earlier, in 1969, the Social Security Administration had also recommended that the latest information on food consumption patterns might be incorporated into the poverty line computations. That alone would raise the index by about 10 percent above the price increases reflected in the Consumer Price Index. That suggestion, while rejected, earlier deserves reexamination.

ALTERNATIVE MEASURES OF NUTRITIONAL ADEQUACY

The Congress may wish to consider the practical effect of changing some of the elements that go into the poverty level calculation. The committee has heard extensive testimony—and the Department of Agriculture has repeatedly stated in its official publications—that the more reasonable standard of an adequate diet is the Low Cost rather than the Economy Food Plan:

> Nutritionists in the USDA have recommended in the past and continue to recommend that the Low Cost Food Plan rather than the Economy Food Plan, be used as a standard of food money allowances by public assistance agencies.[8]

The cost of the Low Cost Food Plan in 1971 was $134 per month or $1,608 in a year. If that were used as the measure of nutritional adequacy in judging the amount a family should receive in food stamp

[8] *Food and Family Income*, p. 4. See also, Family Economics Review, Sept. 1969, page 8.

supplements above the payments in H.R. 1, the result would look like the following tables.

TABLE VII.—*Maximum benefits, with $134 food stamp allotment*

	Amount		Amount
Alabama	$3,372	Montana	$4,008
Alaska	5,388	Nebraska	3,780
Arizona	3,372	Nevada	3,372
Arkansas	3,372	New Hampshire	4,200
California	3,960	New Jersey	5,076
Colorado	4,020	New Mexico	3,708
Connecticut	4,896	New York	4,944
Delaware	3,372	North Carolina	3,564
District of Columbia	4,056	North Dakota	4,212
Florida	3,444	Ohio	3,780
Georgia	3,432	Oklahoma	3,372
Hawaii	4,236	Oregon	3,972
Idaho	4,104	Pennsylvania	4,692
Illinois	4,416	Rhode Island	4,236
Indiana	4,240	South Carolina	3,372
Iowa	4,116	South Dakota	4,584
Kansas	4,128	Tennessee	3,420
Kentucky	3,768	Texas	3,672
Louisiana	3,372	Utah	3,852
Maine	3,612	Vermont	4,632
Maryland	3,804	Virginia	4,212
Massachusetts	4,704	Washington	4,620
Michigan	4,236	West Virginia	3,420
Minnesota	4,572	Wisconsin	3,912
Mississippi	3,372	Wyoming	3,996
Missouri	3,396		

TABLE VIII.—*Using $134 food stamp allotment and assumptions of Table VI*

	Poor family of 4 with wage earner			
	FAP payment	Usable income	Food stamp entitlement	Total real income
Earnings:				
0	$2,400	$2,400	$972	$3,372
$720	2,400	2,400	972	3,372
$1,800	1,680	2,760	828	3,588
$2,400	1,280	2,950	828	3,788
$3,000	800	3,080	756	3,836
$3,600	480	3,360	720	4,080
$4,140	120	3,540	672	4,212

Another way to approach nutritional adequacy might be to take the Low Cost Food Plan, and multiply that figure times four. That would provide a variation on the original poverty line but using a more adequate estimate of what is needed for food, and the more reasonable assumption that food represents a fourth rather than almost a third of a poor family's income. That calculation would produce a new "poverty line" of $6,432 for a family of four.

That a new poverty line might be calculated out of new consumption data using housing, food, medical expenses (or none of these items) as a base, or whether a new poverty line might adopt one or another of the methods available for estimating the cost of food, is not a decision for this report to make.

But it is the concern of this report that—for a variety of reasons—the official poverty line has been inappropriately applied since 1965. If the poverty line is, in fact, to be the official standard for all domestic budgeting and planning, and individual family eligibility as well, then it should be revised. More than one measure may be needed for the different purposes: One to measure increases or decreases in national poverty from year to year; another as a standard for individual family need; perhaps a third to determine eligibility for domestic programs.

The concern of this committee, and the concern of this document, is with the principle of nutritional adequacy. That principle is not fully served by current application of the poverty line, nor is it served by the maximum benefit levels contained in H.R. 1.

In his speech before the White House Conference on Food, Nutrition, and Health, the President said:

> Our basic policies for improvement of the living conditions of the poor are based on this proposition: That the best judge of each family's priorities is that family itself, that the best way to ameliorate the hardships of poverty is to provide the family with additional income—to be spent as that family sees fit.
>
> Now, some will argue with this proposition. Some argue that the poor cannot be trusted to make their own decisions, and therefore, the Government should dole out food, clothing, and medicines, according to a schedule of what the Government thinks is needed.
>
> Well, I disagree. I believe there are no experts present in this great gathering who know more about the realities of hunger and malnutrition than those among you who are here because you have suffered from it; or than those among you who are here who do suffer from it, from great cities, from wornout farms, from barren reservations, from frozen tundra, and tiny islands half a world away.
>
> The task of Government is not to make decisions for you or for anyone. The task of Government is to enable you to make decisions for yourselves. Not to see the truth of that statement is fundamentally to mistake the genius of democracy. We have made too many mistakes of this type—but no more. Our job is to get resources to people in need and then to let them run their own lives.

The philosophy outlined by the President is one with which we thoroughly agree. The difficulty in H.R. 1 is that it provides no choice. At levels of cash benefits so low that a family must choose whether to eat or to send the children to school, there is effectively no choice. It is the hope of this document that the goal set out by the President will not be compromised by the passage of H.R. 1.

Chapter V

THE SURPLUS FOODS PROGRAM

The retention of the Surplus Foods Program as a nutritional supplement for persons participating in the Family Assistance Program is a tacit recognition of the need for additional food assistance at the income levels now envisioned by H.R. 1. The retention of surplus foods while food stamps are eliminated, however, appears contradictory to previous Administration policy. It is generally recognized that the Surplus Foods Program is significantly inferior to the Food Stamp Program as a means of supplementing the diets of low-income families. In his Hunger Message, the President said of the Surplus Foods Program:

> While our long-range goal should be to replace direct food distribution with the revised Food Stamp Program, the direct distribution program can fill many short-range needs . . . In the direct distribution counties, the most serious criticism of the program will be met by ensuring that all counties offer the full range of available foods.[1]

Secretary Hardin, testifying on the President's message before the Select Committee, stated:

> We propose during fiscal year 1970 to establish a stamp program or a direct food distribution program in each county in the United States. Eventually the modified Food Stamp Program will be progressively expanded and will be given priorities over the food distribution program.
>
> We think in the long run, it is the better of the two programs.[2]

The White House Conference on Food, Nutrition and Health recommendation on the Surplus Foods Program by the Food Delivery Panel was as follows:

> The Panel recommends that the individual and family commodity distribution program be phased out as rapidly as it can be replaced by a universal reformed food stamp or preferably an income maintenance program.
>
> Until food stamp programs as described above or an income maintenance program are available, commodity distribution programs should not be abandoned. In transferring from one program to another, nobody should be forced to go through a transition period during which no program is available to them.

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[1] See Select Committee on Nutrition and Human Needs hearing: Part 8—The Nixon Administration Program, May 7, 1969; p. 2631.

[2] *Ibid*, p. 2518.

There are many reasons for suggesting the rapid phasing out of the commodity distribution program. The program has been widely criticized by everybody who has examined it from Administration leaders to the recipients of its benefits. It is official policy to phase it out and it is hard to believe that under such circumstances needed costly reforms in the commodity distribution program can be effected.

The program as it now exists is still primarily directed toward helping the producer of commodities rather than the consumer. For the program to be improved a system of food delivery essentially duplicating our current channels of commercial food distribution will have to be created. Transportation capacity, storage and distribution centers and personnel not currently available will have to be acquired at considerable cost. The list of commodities supplied will have to be expanded so that commodities used will not be dependent on their being in surplus or selling at a percent of parity. The foods will have to be distributed differently to consumers, fortified, packaged attractively in convenient sizes provided with a variety of cooking instructions, and recognize the needs of people with special dietary preferences related to their ethnic, cultural and religious backgrounds.[3]

At a follow-up White House Conference held in Williamsburg, Virginia, in early February 1971, the Administration responded to criticisms of the Surplus Foods Program by panels at the 1970 conference with an unusually candid observation:

> Their (surplus foods) primary thrust is to help balance the agricultural economy rather than provide income substitutes. They serve a different constituency than that concerned with nutrition and health.[4]

Despite frequent pledges to improve the Surplus Foods Program, it has remained primarily a disposal rather than a nutrition program. In September 1971, the Select Committee conducted a thorough review of this program. Senator Charles Percy, the committee's ranking minority member, chaired the hearings on the program and opened with the following statement:

> The Food Distribution Program—often referred to as the "commodity distribution," "surplus distribution," or "direct distribution program"—has the dual purpose of alleviating farm surpluses, and helping the poor. It presently feeds about 3.6 million Americans living in about 1,000 counties and cities. It is an outgrowth of farm-oriented legislation which was developed in the mid-1930's. That legislation was designed primarily to remove farm surpluses and help support farm prices; and, only secondarily, to feed America's hungry. The program reached its peak levels after World War II. Since the early 1960's, it has been overshadowed by the Food Stamp Program, which now reaches about 10.5 million people.

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[3] White House Conference on Food, Nutrition and Health, *Final Report*, p. 214.
[4] Working papers, Follow-Up Conference.

> This committee, through its staff and a consultant—from whom we will hear testimony this morning—has developed, over decades, a story of Federal bureaucratic confusion; uncertainty on the part of the States as to their own responsibilities; attempts by the counties to place barriers before the poor; and, a general attitude toward commodity recipients as second-class citizens. This whole program seems to be f aught with problems and difficulties.[5]

The chief consultant to the committee, Mr. Robert Choate of Robert B. Choate & Associates, gave the following assessment of the Surplus Foods Program:

> I believe the direct distribution of food as now practiced by the Federal Government is an example of many things: of legislation without legislative history; of myopic congressional oversight; of departmental sensitivity to farm economics outweighing concern for suffering Americans; of nutritional malpractice.
>
> I think the program is a national disgrace.[6]

Dr. Michael Latham, Professor of International Nutrition at Cornell University, analyzed the nutritional value of the surplus programs and came up with the following results.

> The USDA in February 1971 listed 22 food items that were then available in the family commodity distribution program. In round figures the estimated monthly cost to the Government for these foods, if all were available, was $9 and the value to the recipient was about $16. The products available, the maximum amounts that can be issued per person, and the percentage of recommended nutrients that these provide, is given in table I of the printed testimony that I have handed out, which is based on information supplied by USDA. These figures provide the promise, the rare ideal situation, in which all foods were available and were consumed, with no loss or wastage. The USDA in its calculations uses a four-person family consisting of a man and woman both aged 22–35, a boy aged 11 and a girl aged 8. In this ideal situation the commodities provide 78.6 percent of recommended allowances for calories, 77.5 percent of vitamin A needs and more than 100 percent of the allowances for protein, calcium, iron, vitamin C, thiamin and riboflavin. The promise looks quite good, except in terms of these two nutrients; vitamin A and calories. In this ideal situation, only about three-quarters of the recommended allowances for calories are supplied by food commodities. If a child consistently receives this level of calorie intake his growth will be very adversely affected and if an adult gets below his calorie needs he will either lose weight or reduce his energy or work output. The USDA protects itself by calling this a

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[5] See Select Committee on Nutrition and Human Needs hearing: Part 8A—Food Distribution Program, Sept. 15, 16, 1971; pp. 2027–28.

[6] *Ibid*, p. 2039.

supplementary food program, but there are American families enrolled in the program who have no income and others who have very low incomes. I am certain that during your hearings you will hear of persons who rely almost entirely on this program for their food needs.

It is important to make it very clear that this ideal situation with the full amount of the 22 commodities being received is very rare. I doubt if 10 percent of the nearly 4 million Americans in this program receive the full amount of all the foods each time they collect their commodities. There is nearly always a gap between promise and delivery in the family food commodity program.[7]

Assistant Secretary Richard Lyng, representing the Department of Agriculture, testified on behalf of the Surplus Foods Program, stating:

> The quality of the foods we distribute is the very best. All USDA procurement is done according to the specifications which insure that USDA commodities are of truly high quality.
>
> Distribution of foods to the needy is the responsibility of the Food and Nutrition Service and cooperating States and counties. The Food Distribution Program operates in 1,051 counties in 34 States. In New Hampshire, Delaware, and Oklahoma, food distribution is the State's sole family feeding program. Although the majority of participating counties tend to be rural, a number of major cities including Boston, Atlanta, Dallas, and San Diego have food distribution programs.
>
> The program is operated at the State level by a department of State government, usually the State's welfare or social services department. USDA delivers food to State warehouses where it is then distributed by the State to local distribution points.
>
> Needy families are certified for the food distribution program by welfare offices, and then pick up their food at the local distribution point. At the local level the quality of the program will vary depending on the local administration.
>
> Some comparisons of the Food Distribution Program with our other family food program, food stamps, may be of interest to the committee.
>
> The Food Distribution Program cannot match the range of choice or the accessibility of distribution points that the food stamp participant finds in local grocery stores. The Food Stamp Program allows participants to use the most sophisticated, efficient food marketing and distribution system the world has ever known. By doing so it helps to keep the poor in the mainstream of our culture and society.
>
> In the Food Distribution Program we cannot even consider providing the variety of food items and package sizes; we cannot distribute fresh fruits, vegetables, eggs, meat,

[7] *Ibid*, p. 2111–12.

bread or milk. Meats, fruits, and vegetables are canned. There is flour instead of bread, and dry egg mix and dry milk instead of the fresh products.

Another difference between the two programs is that one, food stamps, is income-related, while the other, food distribution, is not. Thus the amount of benefits available under the Food Stamp Program is scaled to a participant's income. A participant in the Food Distribution Program receives the same amount of commodities regardless of his income level. For this reason some families in the upper eligibility ranges prefer food distribution over food stamps while those in the lower eligibility ranges usually prefer food stamps.

During the past 2 years we have moved to expand the Food Stamp Program substantially, but at the same time we have made substantial improvements in the Food Distribution Program.

> We have improved the nutritional value of the foods distributed, so that the package now contains 100 percent or more of the recommended daily allowances of protein, iron, calcium, vitamins A and C, thiamin, and riboflavin, and 80 percent of needed calories.[8]

Before the hearings on the Surplus Foods Program commenced, Senator Percy wrote HEW Secretary Elliot Richardson asking, "what the position of the Administration is with regard to the future of the Commodity Program and the ultimate implementation of the Family Assistance Plan." Secretary Richardson responded in November, stating in part:

> The Department's original proposal in the House this year to "cash-out" food stamps also applied to commodities, since our objective was to substitute cash payments to assistance beneficiaries in lieu of all current in-kind food program benefits. The House adopted the food stamp "cash-out" in H.R. 1 but did not prohibit eligibility for commodities, primarily as a result of differences in Committee jurisdiction over the two programs.
>
> On the one hand, leaving the situation as it now exists in H.R. 1 could have several possible adverse effects. A question of equity arises if, in addition to receiving cash available to all recipients as a result of the cash-out of food stamps, some assistance beneficiaries also remain eligible to receive commodities simply because they live in communities which now administer that program rather than a Food Stamp Program. Further, the quantity of commodities to which a recipient is entitled under the Commodities Distribution Program remains level up to the income cut-off beyond which the family is no longer eligible, in contrast to the progressive reduction of cash benefits as family income increases. The "notch" which this creates may not only cause a lessening of incentives to work but also generate a new demand for commodity pro-

[8] *Ibid.* Part 8B—Food Distribution Program, Sept. 22, 23, 1971; pp. 2375–6.

grams in local communities which formerly administered Food Stamp Programs. This would put heavier demands on the supply of surplus commodities, perhaps to the disadvantage of institutional and nonwelfare participants in the program.

On the other hand, there are arguments for the retention of the eligibility of H.R. 1 recipients for the Surplus Commodities Program. One is that the law is on the books and the surplus food is, or could be, available to feed the hungry of our Nation. A second argument is that the issue is of such magnitude that an effort to change it in H.R. 1 might further delay the reform of our welfare system, a critically needed restructuring of a program which affects every American citizen. Finally, there is again the possibility that the Committee jurisdiction problem might impede consideration of the issue on its merits altogether.

The Department's view, stated during the recent Senate Committee on Finance hearings on H.R. 1, is that passage of H.R. 1 should not provide incentives for the initiation of another nationwide commodities program. One method which has been suggested to avoid such a situation would be to define surplus commodities as income and to reduce the H.R. 1 payment accordingly, thus insuring that no additional benefit would be attached to a recipient's participating in the Commodities Program. We have, of course, expressed our willingness to work closely with the Committee on Finance on this as well as other significant issues in H.R. 1 in order to obtain action on welfare reform at the earliest time.[9]

The White House Conference on Aging recommended:

> The approximately 1,000 counties in the United States still using the Commodity Program must switch by December 31, 1972, to the Food Stamp Program for the individual feeding of the elderly. Until this is accomplished the Federal donated food should be made nutritionally appropriate, in packages of suitable size, and at readily accessible places.[10]

It seems clear from this record that the Food Stamp Program is in almost every respect superior to the Surplus Foods Program and, therefore, the question is raised as to why the Food Stamp Program should not be retained as the nutritional supplement program for participants in the Family Assistance Program rather than Surplus foods.

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[9] *Ibid.*, Part 8A—Food Distribution Program, Sept. 15, 16, 1971; pp. V and VI.
[10] 1971 White House Conference on Aging, *Report to Delegates;* p. 20.

CONCLUSIONS

A.—The Hunger Commitment

Within the last 5 years, the Congress and the Nation have become aware of the existence of widespread hunger and malnutrition among America's 26 million poor. The Select Committee on Nutrition has documented the problem through countless public hearings and reports. The National Nutrition Survey conducted by the Department of Health, Education and Welfare has produced reliable scientific evidence that "there is malnutrition (in America), and . . . it occurs in an unexpectedly large proportion of our sample population." On May 7, 1969, President Nixon officially recognized the gravity of the hunger problem by pledging his Administration in a Message to Congress "to put an end to hunger in America for all time." That commitment to nutritional adequacy for America's poor has been reaffirmed by the President, the Congress, and a national White House Conference on Food, Nutrition and Health, as well as the White House Conference on Youth, and the White House Conference on Aging, during the last 3 years. The commitment is now clearly endangered by the proposed elimination of the Food Stamp Program as contained in H.R. 1.

B.—The Growth of the Food Stamp Program

The Federal Food Stamp Program has become the primary weapon for combating malnutrition among the Nation's poor families. In his Hunger Message, President Nixon pledged to revise the Food Stamp Program to:

> Provide poor families enough stamps to purchase a nutritionally complete diet.
>
> Provide food stamps at no cost to those in the lowest income brackets.
>
> Provide food stamps to others at a cost no greater than 30 percent of income.
>
> Ensure that the Food Stamp Program is complementary to a revised welfare program.

The Administration and the Congress have moved to fulfill this mandate. During the last 3 fiscal years, funding for the Food Stamp Program has increased from $340 million to $2.2 billion annually. Participation in the program has increased from about 3 million persons to about 11 million at this time. The program now operates in 2,017 of the nation's 3,067 counties. The Administration estimates that participation will rise to over 12 million persons before the end of this fiscal year, and to at least 13 million during the coming fiscal year. Funding for the program is budgeted by the Administration at $2.334 billion for the next fiscal year, and actual spending may well even-

tually be as high as $2.5 billion. The dramatic growth of the program is proof of the desire of low-income families to obtain adequate diets if they have an option which permits them to do so.

C.—The Relationship Between Food Stamps and Welfare Reform

During the beginning of 1969, there was a debate within the Administration whether there should be a major effort to eliminate hunger through an expanded Food Stamp Program, or whether the Administration should primarily seek to deal with the problem through an expanded and reformed welfare program. The President settled the debate with his May message, calling for an expanded Food Stamp Program and promising it would be "complementary to a revised welfare program . . ." When the President announced his Family Assistance Plan in August 1969, however, White House spokesmen stated that the Food Stamp Program would be eliminated by the welfare reform program. The public reaction to what appeared to be a retreat from the May hunger commitment was unfavorable, and, after several weeks of confusion, White House spokesmen stated the Food Stamp Program would be retained along with Family Assistance. At a public hearing of the Select Committee following the announcement of the Administration welfare reform proposal, Senator McGovern sought to clarify the Administration's exact position regarding food stamps and welfare reform by engaging in the following exchange with then Secretary of Health, Education, and Welfare Robert Finch:

> Senator McGovern. Would it be correct to say, since the Administration is pledging itself under its food stamp formula to provide food assistance for a family of four until that family has an income level at $4,000 or above, that you would continue all families that wish to participate in the Food Stamp Program until their combined income totaled $4,000?
>
> Secretary Finch. Absolutely. There is no question about that.
>
> Senator McGovern. It seems to me that is the key question, if we are to protect the principle of food stamp legislation, and I hope we are very clear on that point.
>
> Secretary Finch. Yes, sir.
>
> Senator McGovern. So that no family is going to be knocked off the food stamp rolls, no matter where they get their income, until that income is $4,000 or above?
>
> Secretary Finch. That is the basic concept.[1]

There was no question then that the Administration was committed to the Food Stamp Program as a means of ensuring nutritional adequacy for poor families until the cash income of those families reached the $4,000 level. This principle was subsequently confirmed by both the 1969 White House Conference on Food, Nutrition and Health, the 1971 White House Conference on Youth, and the 1971 White House Conference on Aging. The White House Conference on Food, Nutri-

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[1] See Select Committee on Nutrition and Human Needs hearing: Part 12—Welfare Reform and Food Stamps, Sept. 15, 1969; pp. 3770–71.

tion and Health set the phaseout level for food stamps at $5,500 for a a family of four; the Conference on Aging set the phaseout level at $3,000 for a single person, and $4,500 for a couple.

D.—The "Cash-Out" and Nutritional Adequacy

The Family Assistance Plan passed the House of Representatives during the 91st Congress, containing a basic income floor of $1,600 for a family of four and maintaining the Food Stamp Program for that family as well. In effect, that meant a family at the $1,600 level would be able to pay about $400 for an allotment of food stamps worth about $1,200, or a food bonus of $800. That brought the total support for that family to a level of $2,400. The House Ways and Means Committee considered but rejected a proposal to pay that $800 bonus in cash—hence the term "cash-out"—but decided to retain the Food Stamp Program. The Senate did not pass the Family Assistance Plan during the 91st Congress, in part because of objections to the low $1,600 basic income level. When the Administration resubmitted the Family Assistance Plan to the 92d Congress, it offered as an alternative a "cash-out" of the Food Stamp Program, thereby increasing the basic income floor to $2,400. The Administration cash-out alternative also provided food stamp bonuses to all families between the $2,400 level and the $4,000 phaseout level for Family Assistance in the form of an optional State supplement. This time the House of Representatives adopted the "cash-out" alternative as now contained in H.R. 1.

The "cash-out" as adopted by the Ways and Means Committee clearly contradicts the principle, as previously expressed by Secretary Finch on behalf of the Administration, of maintaining the Food Stamp Program with the Family Assistance Plan to ensure nutritional adequacy for poor families. An analysis of the combined benefit levels available under H.R. I show that in only eight States do the support levels reach the $4,000 figure, cited by Secretary Finch as the point at which the Food Stamp Program should be phased out. (See Table 1, pp. 38–9.) In 42 States, the cash grant provided under H.R. 1, including the food stamp cash-out, is substandard in terms of nutritional adequacy. In those States, families are clearly being put in the position of sacrificing food expenditures to other basic needs such as housing, heat, clothing, transportation and health care. Under H.R. 1, these families are being put at a nutritional risk.

E.—Other Aspects of the "Cash-Out"

1. Is the "cash-out" automatic?

In discussing, the "cash-out" at levels above the basic income grant of $2,400, the Administration assumes that all States will adopt the "cash-out" because of the so-called "hold harmless" provision. That is, if States agree to maintain payment levels to recipients as of January 1, 1971, and to turn administration of the program over to the Federal Government, the Federal Government guarantees that total costs of welfare to the State will not exceed its total costs for calendar year 1971. The "hold harmless" provision is not mandatory on the States. Any State is free to accept the $2,400 basic payment for families and

provide no supplemental payments above that. In the language of the Ways and Means Committee Report on H.R. 1:

> Your committee's bill accordingly leaves each State, completely free either to provide no supplementation of Federal assistance payments or to supplement those payments to whatever extent it finds appropriate. . . . Each State would also retain complete freedom to revise at any time its determination of whether and to what extent it would supplement the Federal payments.

The assumption that all States will choose to adopt the "hold harmless" option and supplement recipients above the $2,400, including the food stamp "cash-out," leaves out an important fact. Nineteen States and the District of Columbia are already held harmless by the basic provisions of H.R. 1, including the $2,400 payment, without supplementing recipients above the basic $2,400 level. In those States, opting for the food stamp "cash-out" actually reduces the potential savings to a State. In some cases the reductions are quite substantial (see Table II, p. 44). Without cashing out food stamps, Arizona's savings under H.R. 1 is $31.2 million; by cashing out food stamps and passing those benefits along to recipients, their savings would be reduced by $9.7 million. In the District of Columbia the reduction in savings would be $12.2 million, or almost half of what it might otherwise realize. Ohio's savings are reduced by $88.6 million, Texas' by $85.7 million and Kentucky's by $34.1 million. The total at stake for 19 States and the District is about $400 million. Clearly, the magnitude of these amounts raises serious questions as to whether the assumption that all States will in fact choose to "cash-out" food stamps is correct. If they do not, then the position of families regarding nutritional adequacy will be many times worse than is true under present programs.

2. SURPLUS FOODS

While H.R. 1 provides for the food stamp "cash-out," it also specifically provides that families receiving the Federal payment plus State supplement, including the "cash-out," may also continue to receive Federal surplus foods. This provision is, of course, a tacit recognition of the need for nutritional assistance in addition to the total support levels available under the most ideal conditions of the Family Assistance Program. The retention of the surplus foods, instead of food stamps, to serve the goal of nutritional adequacy raises several important questions.

First, the retention of surplus foods, instead of food stamps, is in direct contradiction of previous antihunger policy as expressed by the Administration and Congress. It is widely recognized that the Surplus Foods Program is inferior nutritionally, socially and administratively to the Food Stamp Program. Since the President's Hunger Message, the Government's avowed antihunger policy has been to replace the Surplus Foods Program by the Food Stamp Program. Former Agri-

culture Secretary Clifford Hardin, testifying in May 1969, before the Select Committee said:

> We propose during fiscal year 1970 to establish a stamp program or a direct food distribution program in each county in the United States. Eventually the modified Food Stamp Program will be progressively expanded and will be given priorities over the food distribution program. We think in the long run, it is the better of the two programs.[2]

The White House Conference on Food, Nutrition and Health officially recommended that the "individual and family commodity program be phased out as rapidly as it can be replaced by a universal reformed Food Stamp Program . . ." The White House Conference on Aging recommended: "The approximately 1,000 counties in the United States still using the commodity program must switch by December 31, 1972, to the Food Stamp Program for the individual feeding of the elderly."

Second, the policy of phasing out commodities has in fact been slowly implemented during the past 3 years. While Food Stamp Program participation has expanded dramatically, the Surplus Foods Program has contracted to fewer than 1,000 counties and 3.5 million persons. Late last year, the Agriculture Department approved requests by almost 200 counties to switch from surplus food to Food Stamp Programs. The reversal of this policy under H.R. 1 poses problems of practicality and equity, as well as serious nutrition implications. Some of these problems were raised by HEW Secretary Elliott Richardson in a letter to Senator Charles Percy, ranking minority member of the Select Committee. In part, that letter states:

> On the one hand, leaving the situation as it now exists in H.R. 1 could have several possible adverse effects. A question of equity arises if, in addition to receiving cash available to all recipients as a result of the cash-out of food stamps, some assistance beneficiaries also remain eligible to receive commodities simply because they live in communities which now administer that program rather than a Food Stamp Program. Further, the quantity of commodities to which a recipient is entitled under the Commodities Distribution Program remains level up to the income cut-off beyond which the family is no longer eligible, in contrast to the progressive reduction of cash benefits as family income increases. The "notch" which this creates may not only cause a lessening of incentives to work but also generate a new demand for commodity programs in local communities which formerly administered Food Stamp Programs . . . The Department's view . . . is that the passage of H.R. 1 should not provide incentives for the initiation of another nationwide commodities program. One method . . . to avoid such a situation would be to define surplus commodities as income and to reduce the H.R. 1 payment accordingly. . . .[3]

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[2] See Select Committee on Nutrition and Human Needs hearing: Part 8—The Nixon Administration Program, May 7, 1969; 2d item of prepared statement; p. 2514.

[3] *Ibid*, Part 8A—Food Distribution Program, Sept. 15, 16, 1971; pp. V and VI.

RECOMMENDATIONS

The following recommendations are based on the national commitment to ensure nutritional adequacy for low-income people.

1. The proposition set out by the President, that ". . . the best way to ameliorate the hardships of poverty is to provide the family with additional income—to be spent as that family sees fit," is one that deserves the support of those who seek nutritional adequacy for America's poor. However, given the unlikelihood of the Congress' providing, at this time, an income maintenance program in cash at the current poverty line or higher for all poor persons and families, the major recommendation of this report is:

> **• That the Food Stamp Program be retained until every needy family and individual has access to combined income and food stamp support equaling or higher than the poverty line.**

The maximum benefits available under H.R. 1, including the basic $2,400 payment, State supplements where available, and the food stamp "cash-out," would still leave poor families at grave risk of nutritional inadequacy. An attempt to estimate what other nonfoods needs must be met by poor families revealed that under H.R. 1, 25 of 32 metropolitan areas would find poor families with less than half—16 cents per person per meal—the amount needed to obtain even a minimally adequate diet (see Table III, pp. 47–8), as defined by the Agriculture Department's Economy Food Plan. A straight-forward estimate of how much would be available to poor families for food, if the one-third rule incorporated in the poverty line were applied, also revealed shortcomings: In 17 States the amount available is approximately half of what is needed for the Economy Food Plan, and in another 18 States only one-half to three-fourths of what is needed would b available (see Table IV, pp. 49–50). Cash benefits at current levels simply cannot assure nutritional adequacy. To serve the requirements of nutritional adequacy, the cash-out level should become the basic income level with food stamps provided in addition. Even providing food stamps in addition to the new basic support level would raise total benefits above the current poverty line in only 11 States.

Providing food stamps in addition to the cash payments for assistance families would raise questions of equity with respect to the working poor, whether or not they receive cash benefits. Equity demands that those working families be similarly entitled to supplementary food assistance and that their food entitlement be based on a calculation which exempts the first $720 of earned income as work related expenses (see Table VI, p. 53).

The major recommendation of this report, that food stamps be available in addition to the cash assistance provided for under H.R. 1, implies two subordinate but corollary recommendations.

A. Given the limitations inherent in the food assistance program known as the Commodity Distribution Program, and given the difficulties attendant upon any attempt to mount a nationwide commodity program for individual families when programs are currently operative in only 1,044 counties, the second recommendation of this report is:

> **• That, except for unusual situations where normal commercial food marketing channels are not readily available, the surplus Commodity Foods Program be eliminated as a nutrition program for individuals and families but be retained as a source of commodities for group feeding and institutions.**

Official policy over the past 3 years has been to phase out the Commodity Foods Program. Secretary Richardson has noted recently that retaining this particular program in conjunction with the proposed Family Assistance Plan poses a "notch" problem not present with the concurrent administration of a Food Stamp Program. It would be a serious error of judgment at this time to attempt the major overhaul that would be required for the commodity program to be an effective substitute for food stamps.

B. It is clear that the poverty line as presently devised involves some serious limitations. However, it must be recognized as a measure with wide applications and must therefore be taken into account.

Given the uses to which the poverty line has been put in recent years, particularly with respect to limiting participation in domestic antipoverty programs, and for purposes of budgeting and planning; and given the limitations incorporated in the poverty line as presently devised, the third recommendation of this report is:

> **• That the poverty line be reexamined both for the applicability of its constituent parts, and for the uses to which it is put; for purposes of establishing maximum eligibility for programs and for planning and budgeting, the current poverty line should be consulted only until more appropriate measures may be devised.**

It is beyond the reach of this report to recommend that one approach to a new poverty line be adopted over any other. What is clear is that the present poverty line is not an appropriate measure of maximum individual family needs, and that the measures on which the original poverty line was based are outdated. Government agencies familiar with the needs of poor persons and their relationship to domestic antipoverty programs should be assigned specific responsibility for what and how other measures may be used. Similarly, new responsibilities must be assigned both for the development and application of a new poverty line.

ADDITIONAL VIEWS

We are impressed by, and agree with, much of the analysis included in this staff report; however, we would like to make some comments on the substance of the document.

The main problem with the study is that it does not explain adequately the rationale behind the proposal to cash out food stamps. This proposal is consistent with an overall income strategy which moves away from the arbitrary paternalism of so many of our welfare programs today. In his remarks to the White House Conference on Food. Nutrition and Health, President Nixon expressed this philosophy as follows:

> The best judge of each family's priorities is that family itself . . . , the best way to ameliorate the hardships of poverty is to provide the family with additional income—to be spent as that family sees fit.

The principle expressed here has been the overriding consideration in changing and reforming the Federal Government's income maintenance programs during the past 3 years.

While the Food Stamp Program has proved to be the most effective Federal food program for providing the poor with an opportunity to supplement its food budget, food stamps flag the poor for all to see in the local grocery store. It should be recognized that the only way the Food Stamp Program assures greater nutritional adequacy in family diets is by forcing families to set aside resources to buy the "appropriate" amount of food—a budget allocation decision most poor families can better make for themselves. Aside from the demeaning of recipients, the present program impedes benefits from reaching all those who need them. Many of the poor do not participate in the Food Stamp Program because of the inflexibility of some regulations. Consequently, these needy persons presently lose benefits which under H.R. 1 would be provided them in cash.

Much of the report highlights the problems poor persons have in attempting to stretch insufficient resources over too many necessities. We recognize the seriousness of this problem and welcome this discussion of it. It is precisely because of the failure of present welfare programs to solve this problem, that the Administration has proposed the basic reform to the welfare system included in H.R. 1. The programs called for by this bill would represent a major improvement in the welfare system by placing a national floor under income and by removing work disincentives in the present system. H.R. 1 would provide payments to all low income families—including those with a working father. The analysis in the report does not reflect the effect of these additional work incentives. The report refers to "maximum

possible annual benefits" without pointing out how these benefits can be supplemented by earnings up to the point where total resources (Federal payments plus earnings) are equal to $4,320 for four-person families—substantially above the present poverty level.

We agree with the report's major recommendation that "the Food Stamp Program should be retained until needy families have access to combined income and food stamp support equaling or higher than the poverty line." We wish to note, however, that if H.R. 1 were implemented by the States in its most generous form—and there are many inducements to do so—then the Administration estimates that at least 35 percent of the families would receive benefits equal to or higher than the poverty level—and all these benefits would be paid in cash.

We agree with the analysis of the inadequacies in the present determination and use of the poverty line. Alternatives to the existing situation seem numerous, but this forum is not the appropriate place to undertake the detailed analysis that will be necessary to make recommendations for future action.

We are also in agreement with the staff recommendation that the Commodity Distribution Program can be eliminated some time in the future as a nutrition program for individuals and families when it has been replaced by more effective programs. Although H.R. 1 does not deal directly with the commodities issue, we support the Administration's policy that if this "cashout" of commodities is not enacted, the value of commodities would be counted as income in calculating H.R. 1 benefits.

Senator/s/ CHARLES H. PERCY.
MARLOW W. COOK.
ROBERT DOLE.
RICHARD SCHWEIKER.

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